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The Lean Journey Starts with a Single Step... Commitment

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Sara Lee Foods

Alexandria, Kentucky

The Sara Lee Claryville facility produces many of the processed meat products that we are familiar with... Ball Park franks, Hillshire Farms cocktail links and thin sliced lunch meat. You may not know that the Claryville facility is the “cocktail capital of the world” making as many as 1.2 million pounds of cocktail sausages per week. Or, that it won a 2008 Dale Carnegie national leadership award and was selected as 2008 Plant of the Year for the Sara Lee meat facilities. The 325,000 square foot Claryville facility is staffed by approximately 600 employees consisting of 466 union employees and 129 non-union employees.

Plant Manager Petra Sterwerf and Lean Change Agent Dwayne Stanford review some of the Lean rules and tools that Sara Lee has found most beneficial in stimulating change into a more inclusive culture. Specific focus is given to performance management, value stream mapping, Six Sigma, and pull systems. They also highlight some of the lessons learned in Lean implementation.

Starting the Lean Journey...

Sara Lee’s mission is to “simply delight you every day” with a broad portfolio of products so consumers can experience a Sara Lee product at any time of the day. Sara Lee’s vision is to be the first choice of consumers and customers around the world by bringing together innovative ideas, continuous process improvement, and people who make things happen. Lean was a perfect fit for Sara Lee. The Claryville plant’s mission is to “*Safely produce a quality, cost effective product...*” which was amended to read “... *through a culture of trust, respect, inclusion, and continuous improvement*” following the plant’s Lean conversion.

In 2001, the Sara Lee Supply Chain CEO established the position of Director of Continuous Improvement to begin its Lean efforts. The Claryville Plant Manager was selected and promoted to the new position, thereby the Claryville plant was selected as the pilot plant in the first wave

of Lean rollout. In 2002, Sara Lee brought in consultants McKinsey and Company to help identify waste and start-up Lean training efforts in Claryville. The McKinsey group spent six months teaching Lean tools and rules, and the Lean concepts were a total philosophy change for this former push/batch environment. Six months of training offered a no-holds barred “sampler plate” of Lean. So to supplement the McKinsey Lean training, then Director of Manufacturing Petra Sterwerf attended Human Systems for Lean at the University of Kentucky taught by Mike Hoseus, co-author of *The Toyota Culture* with Jeffery Liker. Hoseus runs a non-profit organization (International Association of Lean Practitioners) and was a corporate leader in Human Resources and Manufacturing for Toyota. One key takeaway for Sterwerf was that the hinge pin of Lean is trust, respect, inclusion and continuous improvement, which led Sara Lee to focus Lean efforts on the people and culture-building.

As Lean is a corporate initiative at Sara Lee, savings targets were a focus and the McKinsey group estimated that the Claryville plant should be able to save \$10 million in 3 years and then maintain the inflation rate of 3% every year thereafter as an initial goal. This number came as a surprise to the Claryville management team – could they really accomplish this goal? *Not only did Claryville save the \$10 million, but they doubled the savings again to approximately \$22 million over the next six years.* And, Sara Lee had 11 other meat plants and over 40 bakery plants in the food division yet to be included in the next waves, with all factories included by 2005, and a worldwide rollout in 2006.

One of the tools learned from McKinsey was performance management – tracking performance hourly, daily, and weekly to understand in real-time how the plant is performing. Five key indicators are used to monitor and drive increasing levels of performance: Safety/People, Quality, Productivity, Cost, and Environmental. A sixth indicator, Culture/People, could also be added to this mix, which would measure items such as absenteeism, turnover, or multi-functional worksheet completion. Indicators are tracked on performance boards, which were initially located in the cafeteria. However, outside of teams meeting in front of the boards, employees did not spend time with the boards, and the Lean leadership team wanted to apply the tool and get employees involved. So, the team surveyed the entire facility with a questionnaire on “What Builds Trust?”, and found that the top four responses were communication, recognition, training, and hearing from their supervisors. Employees also said that the location of the boards in the cafeteria didn’t build trust – teams would have meetings in front of the boards while employees were trying to have lunch on their own time. So, Sara Lee moved the boards out of the cafeteria and created the “Board Room”.

In the Board Room, a position called the “Floor Runner” tracks manufacturing line performance on an hourly basis; supervisors discuss daily performance at daily start-up meetings; value stream managers record daily performance on value stream boards; department leaders record weekly plant performance on the plant board; and performance meetings occur daily and weekly at the boards. Leadership (11 members) meets at the performance boards daily. The Board Room effort results in daily problem solving and the relentless elimination of waste. When supervisors review and discuss data from the performance boards with employees, it is important to make the connection between employee involvement in the problem solving activities that drive performance and the results on the performance boards, as well as letting employees know “what is in it for them”, such as accomplishment, recognition, meaningful work, and job security.

Employees find handwritten comments on the value stream manager level to be more valuable than the graphs and other typed information because it shows management engagement. During this time period, the Claryville facility went from 200 employees to 600 employees. It also went from a “B” or maintained facility in the supply chain with a lot of changeover items to an “A” or growth facility with new products and more tonnage.

Value Stream Mapping

“Lean transformation MUST begin with Value Stream Mapping by the Operators,” Melissa Meyer, Northrop Grumman and classmate of Petra Sterwerf. Value Stream mapping is a pencil and paper tool that helps you see and understand the flow of material as product travels through the value stream. Sara Lee taught Value Stream Mapping in a 4-5 day workshop to educate employees on identifying the 8 types of waste in their areas and to get employees involved in problem solving. During this workshop, employees will take measurements, walk off areas, perform calculations, find cycle times, and similar measures. Using a blank sheet of easel paper to let employees draw out the layout instead of providing a floor plan tends to work better for group involvement. It is difficult as a manager not to get involved with the learning process at this point, but it is important to let employees work it out because adults learn better through problem solving and application workshops (vs. classroom lectures and presentations).

When employees start using value stream mapping they tend to see waste immediately, which results in a lot of “aha” moments. Sara Lee found that value stream mapping even helped 15 and 20 year employees see the waste in their areas. Operator Rick Ross (20 years of service), said, “After seeing it took 76 moves to do one blend of Honey Ham, I was doing more work than I should have been. I should have been asking for more bracket pay!” Lean Change Agent Dwayne Stanford says, “If it’s good, you don’t need to sell it. You just need to get people to see it. Once people see it, they take ownership of it because they see how it makes their job better – it’s about meaningful work, making (the employee’s) job better, and eliminating waste for (the employee’s) job and in the value stream.” When the employee sees it, there is not a big pushback. The ideas need to come from the employees on the floor because they know the process better than anyone else, and want to do it in the best and most efficient way.

Ideas resulting from value stream mapping are listed in one of three categories by how quickly they can be applied: Quick Win (immediate), Short-Term (30-45 days), and Long-Term (6 months or capital needed). One idea combined processes reducing WIP wait times from 5 hours to 0, saving floor space and reducing customer complaints by 60%. Capital spending from value stream mapping ideas in FY 04 through FY 05 was 30% of capital spending. These ideas build feelings of ownership, accomplishment, and trust within the plant. From the value stream maps, an additional step could be spaghetti diagrams to see how a product moves through the process.

Other Tools and Next Steps...

Another tool used by Sara Lee for employee empowerment is Lean Six Sigma (LSS) – Define, Measure, Analyze, Improve, and Control. LSS gives employees the skills to change outcomes and develops a culture of problem solving, which builds employee pride and sense of accomplishment. If employees don’t know how to problem solve, they will tend to pass defects. It is important to relate LSS ideas by taking it from the known to the unknown and asking how

the concepts relate to the job (e.g., food left over at the end of the night at McDonalds as an example of overproduction or the silverware drawer at your house as an example of 5S).

Motivated leadership educated in Lean application is key to a successful Lean effort. The Claryville plant is fortunate in that it employs a very passionate black belt as its Quality Assurance (QA) Manager, and he is one of the people who developed the test for six sigma black belts. To encourage project momentum, every Wednesday is “Lean Six Sigma Day”, where the QA Manager schedules a conference room to help teams work through issues, every hour, on the hour. Sara Lee has trained 35 green belts consisting of 7 union employees, 9 QA, and 19 leadership employees. Of the 7 union employees, 3 are trainer-coordinators who teach, educate and train employees and new hires, among other duties. All green belts are identified with a “Certified Six Sigma Green Belt at Sara Lee Claryville” patch on their outer coat. There is a Six Sigma Steering Committee which includes the QA Manager, Plant Manager, Plant Cost Controller, and Plant Operations Manager. This team launches Six Sigma improvement initiatives, sets goals, identifies projects, selects teams, supports project teams, and monitors progress. In FY 09 there are 10 active team projects. The teams include the people who own the work and originated LSS ideas. When changes are made, they become standardized work.

Sara Lee still has challenges, such as how to maintain a pull system. Sara Lee initiated a Kanban education project, but finds that it can be difficult for employees to get past the idea of needing a large safety stock to keep the line moving. Sterwerf says that savings were accomplished through the Lean tools, which are very much about the process, and the results come fairly easily when you follow the process. Yet, with all the savings achieved so far, she still feels they are toddlers at best – they stand up, take a few steps, and fall back down – and they are still learning.