

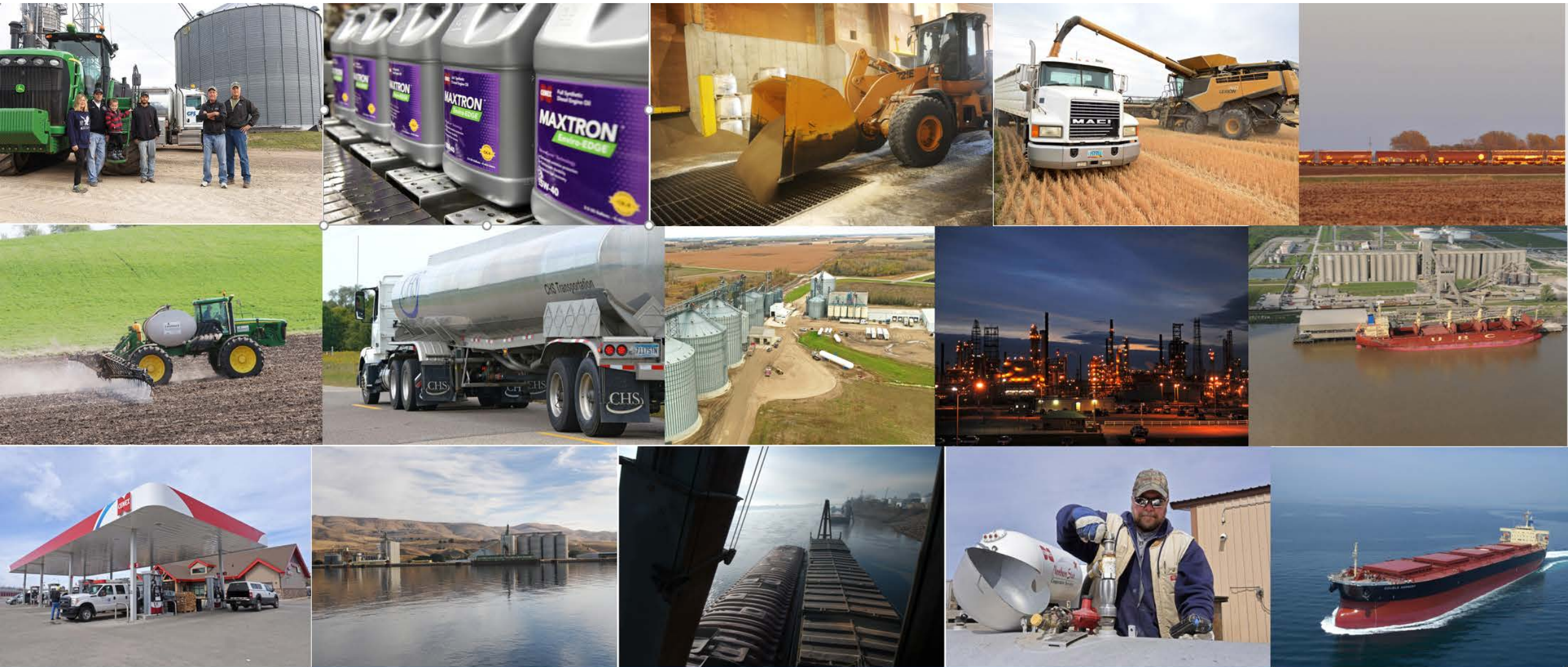


Why is Lean Important

What is It

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CHS Global Supply Chain



WHY LEAN?

- To **deliver value** to our customers
- To increase **flexibility** and **speed** to market
- To **increase cash flow**
- To stabilize our supply chains and **operate with precision**
- To lower risk
- To lower cost
- To become a **crucial supplier** to our customers

Lean Is Not....

- An operations, distribution or office program
- This year's attempt at productivity
- A "one and done" event
- Learned over night

Lean Is....

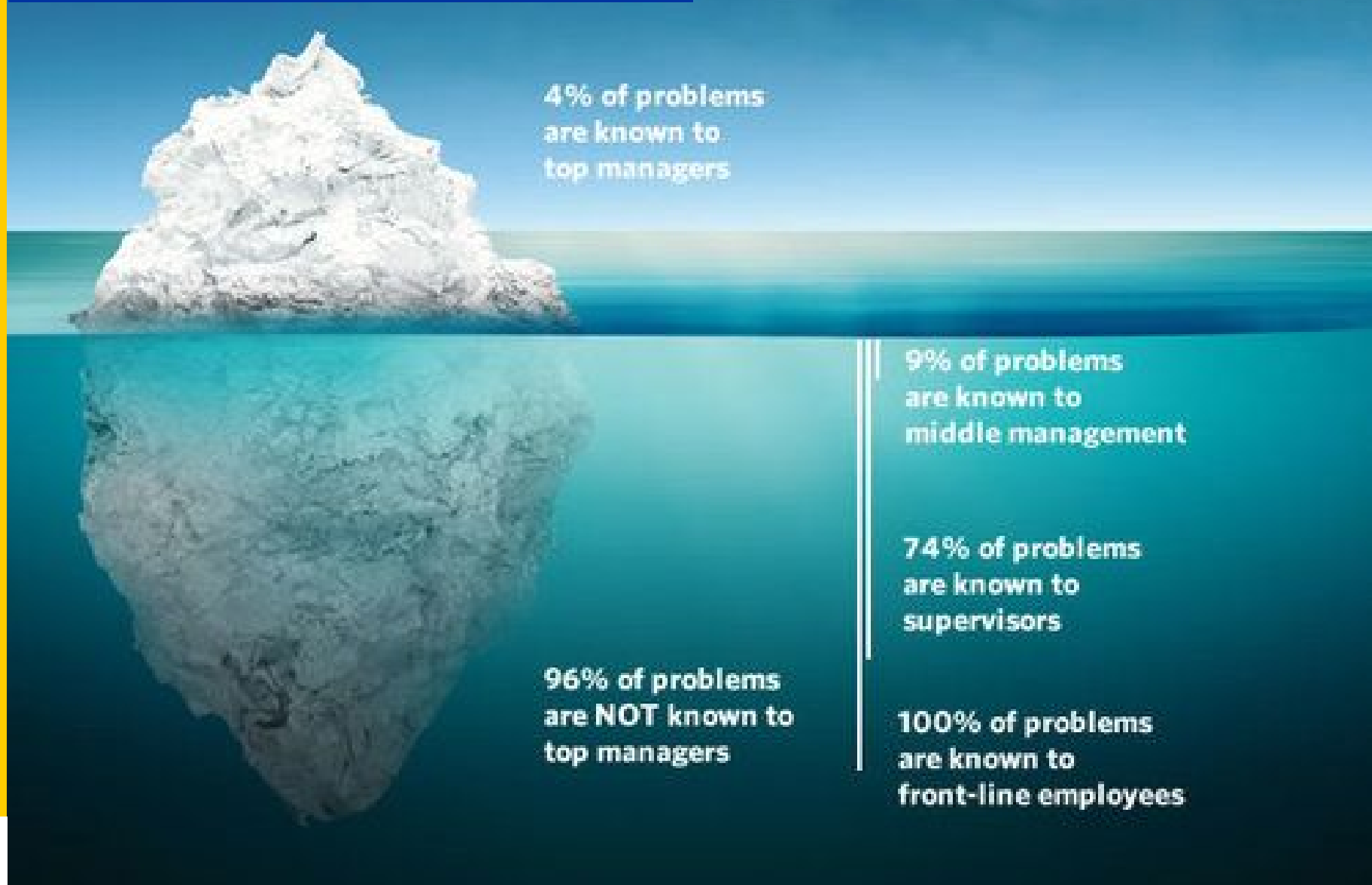
- A Business Philosophy
- A common way of thinking and working, no matter your role or location
- A change in the way we operate, communicate and interact
- A way to see what you have never seen before

Maximize Customer Value while Eliminating Waste

The Iceberg of Awareness

Bottom Up decision making

Enable those closest
to the process to
solve the problems
that only they can
see



*Adapted from
"Quality Improvement and TQC Management at Calsonic in Japan and Overseas"
Sydney Yoshida*

CHS Leadership

Goal

Lean will help us to become a better managed organization.

What

Lean is a philosophy of continuous improvement using systematic problem solving that focuses on increasing customer value, the elimination of waste and optimizing operations.

How

Lean has opened our eyes to a new way of improving business performance and empowering our teams.

Get Started

We have a great deal of work to get after and a growing need to improve performance, the timing could not be better than **now** for learning and applying Lean principles.

Contrasting Management Behaviors

Command & Control

- I need more Resources/ People
- We have Way Too Much to Do
- Manage by Power
- Decisions with Assumptions
- Prescribe Solutions
- Command with email and telephone

Lean Servant-Leader

- Same Resources, Different Focus
- **STOP** Waste, Target Value+
- Manage by Influence
- Decisions with Facts (BI)
- Ask Questions, Challenge Teams
- Go to where the work is performed

Philosophy

Three
fundamental areas
guide the growth



- **Purpose:** The entire enterprise is **solving customer problems to improve profitability.**



- **Process:** The organization assesses each major value stream to make sure each step is **valuable, capable, available, adequate, flexible**, and that all the steps are linked by **flow, pull, and leveling.**

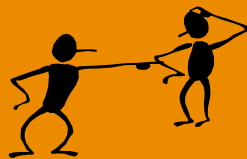


- **People:** The organization ensures that **every key process is standardized** and has someone responsible for continually evaluating that value stream in terms of business purpose and lean process. **Everyone** touching the value stream is actively engaged in operating it correctly and continually improving it.

Contrasting Business Cultures

Traditional Operations

- Orders are dictated down the organization
Responsibilities reside mostly at higher levels
- Personnel are frustrated because of limited involvement
- “They do not listen to us!”
- One-time process improvement
- Limited communications about the company’s financial issues
- Limited personal or professional satisfaction
- Boundaries between functions - Inefficiencies prevail
- Problems are investigated with the 5 Whos



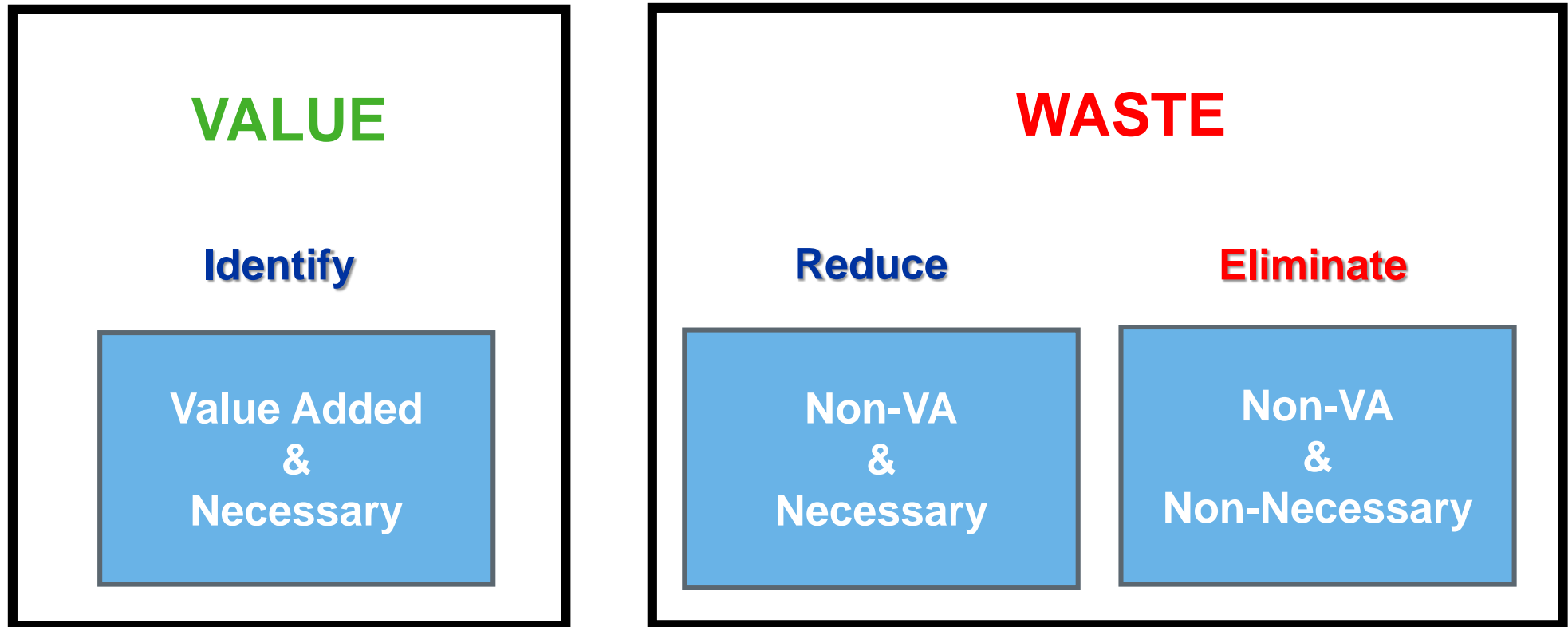
Lean Operations

- Decisions are made by the people closest to the process
- Personnel involved, committed and participating, proud to belong
- Continuous pursuit of perfection
- Extensive communications about company’s financial issues
- Work providing personal and professional satisfaction
- No boundaries between functions
- Problems are investigated with the 5 Whys

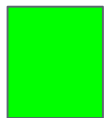
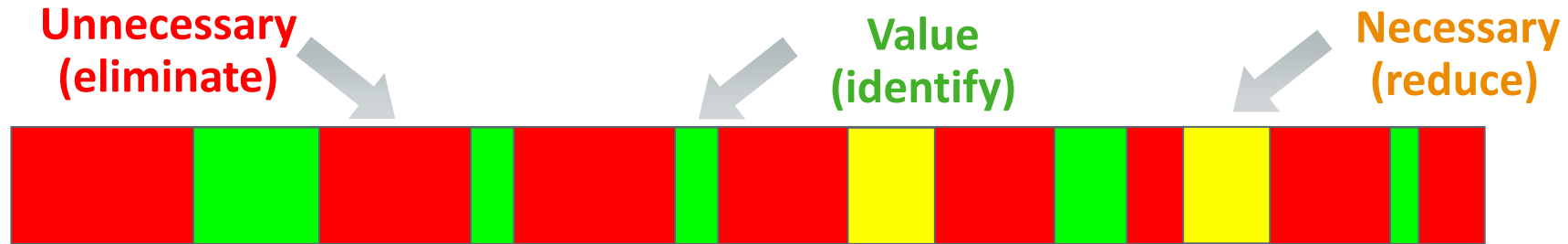


Where is the focus?

Two Types of Waste



Where is the focus?



Value Added Activity (VA)

- These are things the customer is willing to pay for



Non-Value Added Activity (NVA)

- These are the activities that the customer does not value and is not willing to pay for (eliminated, simplified, reduced, or integrated)



Non-Value Added- Necessary (NVA-N)

- Any activity that does not add value, but it is necessary to stay in business (streamlined or simplified)

How do we see Waste

NON VALUE ADDED

1. Our customers do not value
2. Our customers are not willing to pay for them



Transportation – Any movement of materials or people that does not add value

Inventory – Any supply in excess of a one-piece flow through the process

Motion – Any movement of people or resources that does not add value

Waiting – Any idle time created when waiting



Over-Production – Making more than is required by the next process

Over-Processing – Any effort that adds no value to the product or service

Defects – Errors or mistakes causing rework, incorrect information or reports

Non-Utilized Talent – Not utilizing people to the best of their abilities

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EMPLOYEE ENGAGEMENT

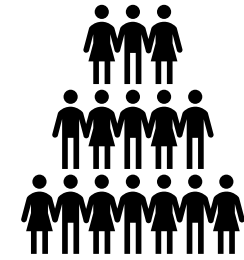
Key Benefit to Cultural Transformation

- A common language and approach to align your organization
- Provides a forum for improvement
- Provides a reason to engage
- Highlights disengagement

20



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20



Future Operating Culture

Common Language
Common Approach
Common Tools

ENGINEERED BY THOSE DOING THE WORK

- **Every** Process, Task, is engineered and has an owner
- **Every** Process, Task, is executed the same every time
- **Every** Process, Task, is measured and under constant scrutiny for improvement
- ALL work is VISUAL
- Communication is programmed – “Daily huddles”
- Scripted Daily Management System “A Day in the Life”
- Management Calendars are Structured for Value Activities: Kaizen, Gemba, “Time on the Balcony”
- Business Information/Metrics are the Key to Sustainability

6 Key Factors for Success

- 1. Leadership commitment and focus on Lean Enterprise**
- 2. Strong line management ownership empowering employees**
- 3. Expert training and support**
- 4. Aggressive performance targets and tracking**
- 5. Open & pervasive communication**
- 6. Impatience**



ONE VOICE ONE SYSTEM

ONE COOPERATIVE

A person's hands are shown holding a glowing, spherical network of white lines against a dark background. The network consists of numerous interconnected points and lines, creating a complex, web-like structure that resembles a globe or a data visualization. The hands are positioned at the bottom and sides of the sphere, suggesting it is being held or presented. The overall image has a futuristic and technological feel.

Questions?

