

FALL 2008 **Daman**32 ISSUE

CELEBRATING 32 YEARS OF CONTINUOUS INNOVATION



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# Improving efficiency 7 wastes and 5S



*Nurturing a business culture that promotes the value of empowerment in its employees is not something that companies should do once a year or once a quarter. It's a mindset that has to be underscored each day. Daman Products Company long ago adopted a continuous improvement methodology that includes training for all employees at its core. Its current program took two popular philosophies – The 7 Manufacturing Wastes and 5S – and rolled them into a hybrid program to suit its needs.*

**U**nless the value of training is understood and embraced by everyone in a business, it becomes a waste of time and money. When a company like Daman shuts down production for two days so it can provide training to a mix of shop employees from all Cells, it shows a commitment.

“That’s how important it is. Training is not just a ‘project,’ but part of our culture,” said Neil Henderson, who oversees continuous improvement and training. “And it’s not just for the shop. Everyone here will eventually be trained in this program.”

He noted that the “5S and 7 wastes” are standardized formats (see sidebar at right) that were the basis for the program but, as with most things at Daman, they were adapted to fit their needs. “We saw the need to make it manufacturing-friendly with practical examples. Learning happens not only in a classroom setting, but also through hands-on applications,” Henderson said.

Groups of three people comprised of one worker from each shift in Cell A tackled the job first. They started with a list of areas where there were “wastes” and picked a small area to start with.

“Eliminating what doesn’t work and embracing what does work not only makes us more productive, but it builds morale as everyone becomes more accountable for his or her actions. This translates into value for our customers,” said Henderson.

#### Basic Training 101

A quick look through the business section of your local bookstore or a few clicks through Google will provide any number of references for training. In a nutshell, here’s what you’ll find about The 7 Manufacturing Wastes and 5S, which is taken from five Japanese words that, when loosely translated, also start with the letter “S.”

#### The 7 Manufacturing Wastes:

**Overproduction** – guessing what the market will want, then manufacturing too much/wrong product before it’s required

**Waiting** – poor material flow, too much distance between work areas, people waiting

**Transporting** – too much or unnecessary movement and handling, poor product flow

**Inappropriate processing** – forecasting, expediting and traditional purchasing based on timeworn, inefficient tools and procedures, “fire drills”

**Unnecessary inventory** – a result of the first two wastes: overproduction and waiting; consumes floor space, ties up capital, hoarding behavior exhibited

**Unnecessary or excess motion** – caused by bending, stretching, reaching and wasted/unnecessary steps to retrieve objects that should be close by

**Defects** – rework time instead of new product time, cost of scrap

#### 5S

**Sorting** tools, materials and anything in the work area. Keeping only essential items.

**Straighten** (or Set in Order) so essential items are where they need to be.

**Sweeping** (figuratively or literally) to clean up and restore order.

**Standardizing** work practices in a consistent way.

**Sustaining** and maintaining the new order.

# y by the numbers: improvements.

They identified what was good and what could be changed or eliminated and then applied 5S.

This current training effort is part of a 10-month process to train one group per month, including management, shop, and office employees. As groups go through the process, they provide feedback that is helpful for those who are yet to be trained. For employee reaction, see the article on page 4 of this newsletter.

A survey of Henderson’s office is a visual reminder of how the program works. On the top of his desk is an outline of where his keys go. (There were none there – and he made a mental note to put them back.) There’s a spot for his cell phone, his stapler and virtually everything he touches in a day’s work.

## Part II: Consistent training = consistent quality = satisfied customers.

*In the second part of our series on training,\* we look at specific changes that are leading to consistency on the shop floor as employees learn how to eliminate the 7 Wastes and how to implement the 5S program described on pages 2-3. We also get employee feedback on progress to-date.*



### DamanPERSPECTIVE

**L**earning never ends. At least not in a culture of continuous improvement. So while Daman employees are in the midst of a “training makeover” – and improvements are being validated – this won’t be the end of the process.

As noted in our feature article on pages 2-3, the goal is to train everyone using the same criteria and standards to ensure company-wide improvement. Garold Kendall, Production Team Leader, gives the perspective from the shop floor.

“I saw immediate effects from the training we’ve done so far. In packaging product, employees no longer run out of end caps. Formerly, when a bin was empty, someone had to leave the machine and go over and fill it up. Using KanBan, an extra bin is filled ahead of time. It’s better organized and more efficient,” said Kendall.

He also said that in the past when new parts were added to a Cell, there were no specific assigned spots for them. Workers had to hunt them down. “Now that we’re better organized, everyone knows where every part is because we’ve standardized all parts by type and they go in a specific place. Even the brooms are right in the area where they’re needed,” he added.

As training continues, Kendall and others are compiling lists of items still to be categorized. Now that everyone understands the process, “they’re anxious to organize the raw material area, machines, inventory and tooling,” said Kendall.

### Employee feedback rates the process.

As training sessions end, feedback is requested regarding team performance, effectiveness of the facilitator and the value of the workshop. Responses may be given anonymously, as were the samples chosen here.

- *I’ve had training [at another job] where only one person would answer the questions and do all the work. This time, our team could make choices on how to organize and implement the changes. It was amazing how much “stuff” was just sitting around that had no value or use to us.*
- *I liked the hands-on participation and that we could make decisions about how to make improvements. The session could have lasted longer so we could get the whole cell completed.*
- *It’s nice to have everything where you need it. Makes the job easier. I like to work in a clean environment.*
- *Dividing the three shifts into equal teams with someone from each shift was ideal.*
- *Everyone needs to be accountable.*

\*Visit <http://www.daman.com> and go to Newsletters/Issue 31 to read Part I.

## Problem solving cements customer relationship.

*You hear it all the time: Communication is the key ingredient in any relationship. That's especially true in business. And it's always key to long-lasting customer satisfaction.*

It started as a standard 12-station bar manifold, with several modules mounted on each station.

Then a conversation between Gordon Weiler, Daman Sales Manager, and the distributor led to a question: Could Daman put cavities in a custom manifold to eliminate the modules? Of course.

Instead of a 3"-square block, it became a 6"-square block with all modules eliminated. This process also eliminated potential leak points. That became the standard for several years. Future conversations turned to the possibility of having Daman install the valves in custom manifolds.

Details were worked out, and the project evolved into the need to test the manifolds after the valves were assembled. So in an effort to streamline the supply chain, Daman developed a custom crate that allowed manifolds to be placed in

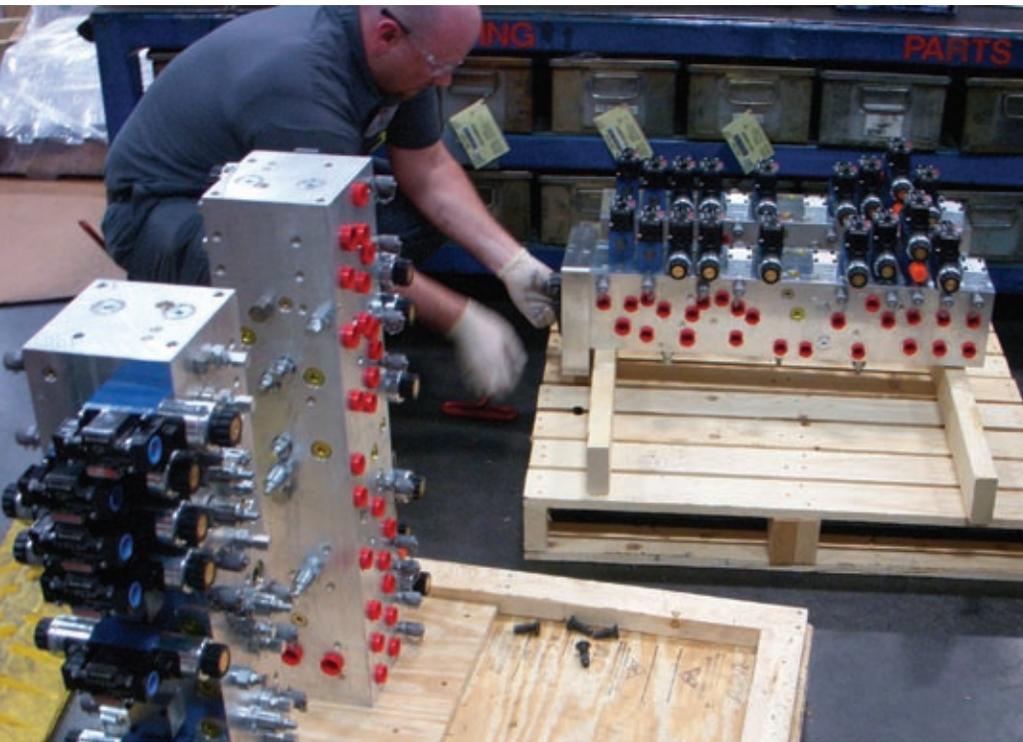
the crate, standing on end in the same position that the customer places the manifold on their test stand.

“Now they can screw the I-bolt on the top, lift it out, place it on the test stand in the same position. After the test, they place it back in the crate in the same position and ship it to their customer. By talking through the project and examining the possibilities, we were able to minimize the distributor’s labor and overhead costs – simply by not having to rebuild the crate,” said Weiler.

### **Customer appreciates the effort – and the result.**

“Our brainstorming streamlined the whole process,” said the distributor. “After working with Daman for more than 20 years, they’re still one of our top vendors. It’s fair to say that everyone I deal with is thorough, customer-oriented – and they listen.”

Another distributor representative said that each step of the way, the “crate job” got better. “We did a poor job on our end of uncrating, testing and re-crating the manifolds after testing. We just put them in a box, covered them with foam and hoped for the best. Things broke off. We can’t say enough about the value of working with Daman and doing the job better every time.”



## Could through-the-looking-glass thinking be one key to future growth?

*Ever wonder what the world is like on the other side of the mirror? Many of us, perhaps most of us, rarely look outside our own little circle of home, friends and work. It's where we're comfortable. For others, exploring outside of that comfort zone might benefit all of us.*

Americans are sometimes accused of not knowing much about the rest of the world. After all, we're a big country and we often have trouble answering questions about our own geography and history.

That's especially true when it comes to thinking about business opportunities. Should we concentrate on Indiana, the entire United States – or should we be thinking globally?

In keeping with Daman's proactive stance on investigating new markets, and not wishing to pass up an opportunity to perhaps lay the groundwork for potential business, Larry Davis, Daman President, recently visited Brazil and Chile. Research prior to the trip taught him that there is an opportunity in standard products and repetitive custom products, while large custom manifold capability already exists in Brazil.

### Meetings with industry leaders provide food for thought.

Davis met with representatives from large manufacturers and distributors. "Smaller companies do not have the market value to support the overhead costs nor the substantial additional costs of bringing material into Brazil," he

noted, because of the unusual number of taxes, fees and tariffs assigned to imported goods.

Why the interest in looking outside the United States? Davis said that Daman has been getting requests from Brazil, the world's 7th-9th largest economy – a country with huge growth potential. "In light of the devaluation of the US dollar and as a hedge against our present economy, it seemed prudent to explore ways to 'stay okay' in rough times."

And as hockey great Wayne Gretzky said, "You miss 100 percent of the shots you never take."





## Nurturing the creation of a passionate learning culture.

By Larry M. Davis

**A**s you may know, we have a passion for reforming K-12 education. The ramifications of an undereducated population are self-evident.

And you probably also know that since 1997 we have been on a quest for performance excellence that started with a complete and non-traditional transformation of how we would do work going forward. In the process of re-educating ourselves, we learned some things about learning that we thought were worthy of publishing in the form of questions. You will find these “questions” in a white paper on Daman’s Website under Case Studies, titled “Harvesting the Energy of Leadership and Innovation Within Our Education System.”

Fast forward four years. I was invited by our local school corporation to join a small task force of community people to visit an innovative high school teaching model in Napa, California. What we saw was fascinating. In my mind, it was the answer to the questions raised four years prior.

The misleading name of the system is New Technology High School (NTHS). Technology plays a role, but its success lies in the creation of a passionate learning culture created through experiential and project-based learning. The values we long for as business people (personal responsibility, follow-through, articulation, resourcefulness) are imbedded in this culture. If you have been looking for an alternative education solution in your community, I invite you to visit Daman’s Related Links on our Website or go directly to [www.newtechfoundation.org/](http://www.newtechfoundation.org/). Two letters detailing our first impressions of NTHS can also be found at Daman Case Studies.

As always, there is more to do.

### Under the microscope.

We’re humbled to have been named one of Indiana’s inaugural “Companies to Watch” by the Indiana Economic Development Corp., Small Business Development Centers and Purdue University, in association with the Edward Lowe Foundation. The 2008 award honors the state’s second-stage companies that demonstrate high performance and exhibit innovative products or processes.

### Trying to hit the target.

Response to our request for your help in updating our database has been remarkably good. We’re compiling all customer contact info into one database (from four) so everyone at Daman can be more efficient and proactive to customer service. If you did not receive a form or have not yet responded, please contact us.

### All the baseball excitement. None of the humidity.

The South Bend Silver Hawks, our local minor league baseball team, hosted 175 Daman employees and family members in their spacious Upper Deck sky box for this year’s company outing. Food was plentiful and t-shirts and baseballs were given to all. Before the game, the Hawks and their mascot joined the party, signing baseballs and helping us celebrate.

### Application overload.

Krysten Shoulders, HR Manager, reports a spike in job applications (an almost 100 percent three-month increase over the previous three months). She cautions perspective employees that she’s not looking for people who “just want a job.” Attention to detail is extremely important and was the downfall of fully 84 percent of applicants who submitted incomplete forms.

### Spotlight on John Cook



In many ways, John Cook’s personal life parallels his professional life. A Design Engineer at Daman since 1997, he knows the importance of being prepared before starting a project and being thorough after starting a project. He even equates his years as a classical guitarist as helping him with the thought process that goes into the structure of a manifold.

That process has served him well as he and his wife (Sonia, also a Daman employee) continue to renovate their 100-year-old home in historic New Carlisle, Ind. “We’re only the third owners of the home. It had been empty since the late ’70s when we purchased it. Fortunately, it was ‘shabby,’ but not ruined,” he said.

“We’ve spent about 90 percent of our time removing old varnish from the yellow pine woodwork of our traditional four-square-style home. Everywhere you look, you can tell that the original builders, who pulled their materials in by wagon, were focused on making a building that would last,” said Cook.

Cook says that the family “does the research, combs through information and finds what works and what doesn’t.” Not so different from his day job.

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## Taming the paper tiger.

*The term “paper tiger” literally refers to anything that appears to be threatening, but is basically useless. Applied to the workplace, it’s the actual paper that’s ineffective. How many copies should I make? Who gets them? Where are they now? The paper chase is inefficient and is nothing more than a time-waster. By taming the tiger, our customers benefit from faster response, whether it means getting a new part quicker or receiving credit that is due.*



Computers and software programs can tame the tiger. Too often, however, companies adopt a “one size fits all” policy wherein off-the-shelf technology is made to fit. And it’s not always a good fit.

With Daman’s well-established culture of change and with years of IT experience, it was not a stretch to roll the Return Materials Authorization (RMA) function into its already-successful proprietary software system.

### Users are not surprised at its success.

Matt Henkler, IT Specialist, said he “applied principles we already knew worked to create a useful tool. It was a simple solution. Ordering, scheduling and now RMA are all in the same program. At this point, rolling out a new application doesn’t surprise anyone. With a proven track record, change really is accepted. No one fears it.”

Employees from sales to the shop floor seem to agree. “We always stress communication, and with a program that everyone can see with a click of a mouse, everyone is in the loop – at all times. There’s no more calling down to the Cell to find the right person to talk to when we need to determine the status of a return,” said Lori Stringman in Sales.

Mike Boots added his perspective from the shop floor. “The system is less cumbersome. If a part is returned, we literally just click a box that tells we received it, and add a note if we need to. It’s highlighted for everyone to see, including accounting and customer service,” he said.

“The customer service benefit is key,” said Matt Giloth, WinWork Manager. “Any changes we can make to help our customers give us a win-win situation. Communicating information quickly and accurately is always our goal.”

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