

Hydraulic Valve

Manifold News

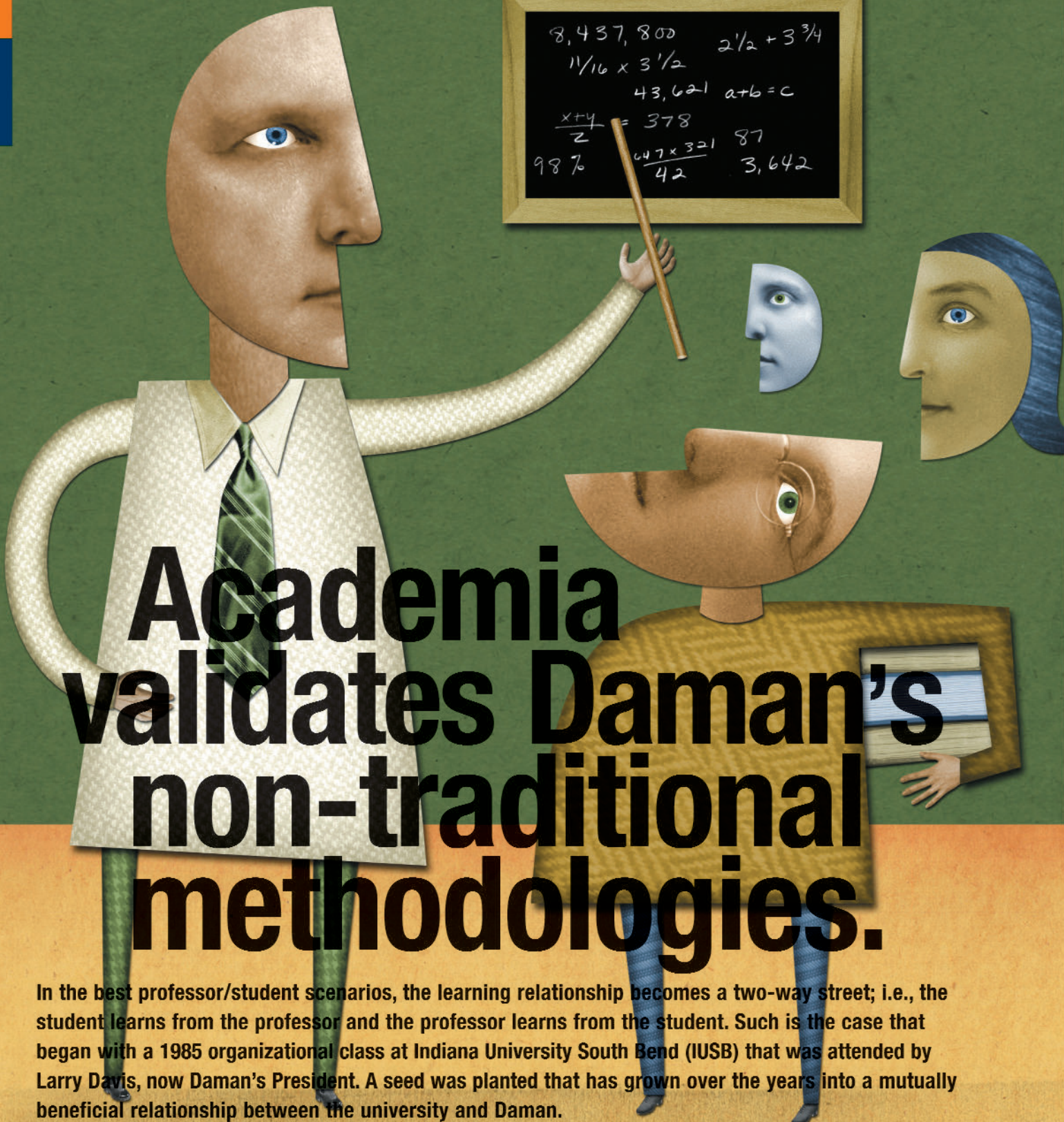
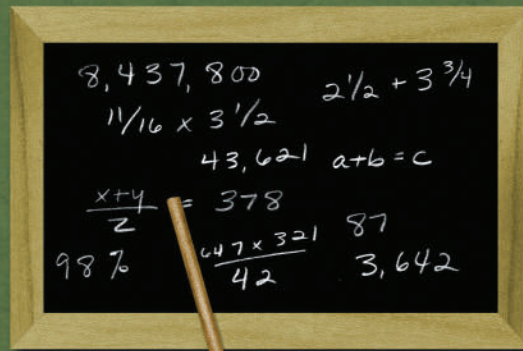


WINTER 2008 **Daman** 30 **ISSUE**

CELEBRATING 31 YEARS OF CONTINUOUS INNOVATION

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# Academia validates Daman's non-traditional methodologies.

In the best professor/student scenarios, the learning relationship becomes a two-way street; i.e., the student learns from the professor and the professor learns from the student. Such is the case that began with a 1985 organizational class at Indiana University South Bend (IUSB) that was attended by Larry Davis, now Daman's President. A seed was planted that has grown over the years into a mutually beneficial relationship between the university and Daman.

**T**hird-party endorsement of a product, a process or an idea can make the difference between success and failure. An endorsement from a university, in this case, has led to an undergraduate class in “the Daman way.”

Typical undergraduate business classes have focused on traditional, conventional business practices. In the years since 1985, Larry Davis has been a driving force in changing that paradigm. First a student of business professor Dr. Steven D. Norton, Davis has become a lecturer in Norton’s classes and, more recently, was a collaborator with him on papers presented at a recent International Academy of Business and Public Administration conference in New Orleans. [See sidebar.]

“Dr. Norton has defined what we do at Daman and has incorporated it into his syllabus. At first, my purpose for working with his MBA students was philanthropic – giving back some of what I had learned in an effort to help young students.

Norton’s course description for “Organizations and Organizational Change” calls for an analysis and development of organizational theories. “Issues in organizational change such as appropriateness of intervention strategies and techniques, barriers to change, organizational analysis, and evaluation of formal change programs” are included. The learning objective is “to prepare students to manage effectively by introducing them to organizational analysis and planning, or ‘how do you (as an executive) get an organization to do what you want it to do?’ ”<sup>1</sup>

### From the classroom to the shop.

Mentally learning concepts and being able to use those concepts in an actual application are the focus of Dr. Norton’s class. Students will complete identical pre-course and post-course surveys to compare their changed views of continuous improvement management concepts. During the semester, students hear lectures from Davis, visit Daman and begin to transfer what they have learned to a real-world atmosphere.

Four-person teams will visit Daman to analyze the company’s competitive advantage, interview cell leaders and, as their final assignment (45 percent of their grade), will prepare a 20-minute PowerPoint presentation of their findings that will be evaluated by Norton and Davis. At this writing, the interview process has just begun, with Dave Thomas, Garold Kendall, Gordon Weiler and Matt Giloth as the “go-to” team from Daman. (Our next newsletter will report on their findings.)

### Digging out imperfections, confirming what’s right.

“Most of us strive for a peaceful, perfect life with no problems, but we never achieve it. That’s the way it is in business. While it’s difficult for many people to visualize a perfect process, it’s important to define it – and remember that the journey is more important than the destination. After the students’ initial tour of our company, they reported to Dr. Norton that they were afraid that they wouldn’t find enough ‘problems’ to solve. It will be interesting to see their conclusions,” said Davis.

Students submitted a list of manufacturing and distribution topics that they wanted to explore, including:

- the sharing of production and distribution data among internal departments and external partners
- non-forecasted inventory systems
- manufacturing planning
- plant floor organization
- order and delivery tracking
- links between supply chain to the manufacturing and distribution processes
- collaboration among planners, developers, production managers and distribution managers

### The LEAN success story continues to gain prominence.

As mentioned earlier, third-party endorsements serve to validate the success of a process or business template. Media outlets that report positively on programs also lend an unbiased tilt to the equation.

In addition to the support of a highly regarded business department such as the one at Indiana University South Bend, Daman has garnered praise from Tribune Business Weekly, a subscription-based publication of The South Bend Tribune.

The company’s successful implementation of LEAN was the focus of a July 30, 2007, cover story. To view a PDF file of the article, visit [www.damanifolds.com](http://www.damanifolds.com) and click the “Press” link.

The Tribune writer quotes Dr. Norton as telling his students, “If you have to compete with LEAN management with the likes of Larry or Toyota, you’re in trouble.”<sup>2</sup> And that’s a good kind of trouble.

<sup>1</sup> Information and quotations taken from syllabus for Dr. Stephen D. Norton’s BUS W430 class at Indiana University South Bend.

<sup>2</sup> Ochstein, Jennifer. “Daman’s idea of Lean brings results.” Tribune Business Weekly 30 July 2007: 1.

### New Orleans Conference Notes

Dr. Steven D. Norton has a distinguished career in academia, and has drawn upon many resources to illustrate best-practice solutions for today’s businesses. His latest collaboration with Larry Davis and Daman personnel culminated in the recent presentation of two scholarly papers that expand upon his findings.

“It’s important for students to learn not only from books, but to hear about real-world situations – problems and solutions. That’s what Larry and others from Daman have been able to add to the equation. After my presentations at the conference, attendees asked about the process and were in agreement that IUSB was fortunate to have this kind of community resource available to them,” said Norton.



## Electronic 360° evaluations promote accountability at all levels.

*An "Accountability Wall" in the shop is a visual, constant reminder of what needs to be accomplished daily, weekly and monthly.\* Anyone can see names, dates and projects. They can also see what jobs were not completed, and whose responsibility it was to get that job done – including jobs to be completed by Daman management.*

Employee evaluations are fairly standard tools at most companies. Much of the time, however, workers are evaluated only by their supervisors or occasionally by their peers. It's rare to have an opportunity to rate top management.

Daman has taken what was basically a "top down" process and put it in a mixer. In use for a couple of years, the 360° – an industry term – is now automated, thanks to Matt Henkler, who put together a program that is more flexible and allows for answers to be tallied at the touch of a button. While that is a welcome improvement from the paper and pencil review, that's not the best part.

"After two years, we've added more flexibility and now people from the shop can give input into questions regarding leadership and job descriptions. Evaluations are submitted anonymously, and are used to rate peers, subordinate peers, supervisors and themselves," said Krysten Shoulders, Human Resources Manager.

### **Leadership qualities are evident in all areas of an organization.**

Shoulders notes that one theory behind 360° is that "you don't have to be the main leader to have an impact on the organization. Good workers can lead their followers, their superiors and their peers. I've heard it called 'leading down, leading up and leading across.' Having the ability to give input on a variety of job descriptions results in being a more valuable team member, and being part of a company where we all need to go forward together," she said.

Much like the Accountability Wall, no one is exempt from scrutiny. That scrutiny is devised to enhance the growth of individuals and increase teamwork and personal involvement for the good of our customers.

Matt Henkler responds to those who suggest that there may be too many questions or the rating system numbers are too broad by reminding participants that, not unlike other processes at Daman, "we're always looking for ways to improve, and we do tweak the forms every year. It fits right in with the LEAN principle of continuous improvement."

"Continuous improvement" could also define the thinking behind the entire 360° process.

*\*Visit <http://www.damanifolds.com> and go to Newsletters/Issue 26 to read an article about this "Wall."*

## There's no crisis. Why buy a new machine now?

*Businesses that wait until a situation is out of control before they react will have trouble understanding Daman's purchase of a new horizontal machine. Forward-thinking businesses, on the other hand, understand perfectly well the importance of being proactive.*



The number one reason for the decision to purchase a new horizontal machine was to take advantage of the flexibility it would give – NOT to make the work go faster. Of course, it helps our on-time delivery percentages, but that wasn't the main purpose. [See page 8.] With a full complement of shifts available to work, it just made sense to increase Daman's capacity to produce large manifolds.

"We're more flexible, more efficient," said Thom Sibley, Cell Leader. "Now all machines can run complete parts. It balances the work and keeps all machines busy. In particular, it reduces the number of setups on jobs and keeps the flow going. My cell's first horizontal machine was bought to build quantity, but it was the only horizontal. Anything too long had to be sent to another machine for secondary machining. With a second horizontal, we're no longer eating up the capacity of the big machine."

### **Self-scheduling key to getting jobs completed, mapping work hours.**

Sibley said there were immediate results. They're currently doing a two-piece job with each piece weighing 2,300 pounds. With the total weight of all jobs coming in at 15,000 pounds in a two-week period, it would normally take four weeks to jockey around to make sure Daman could do other, smaller jobs. Now employees "schedule freely and just load it up. A large manifold that would have taken six weeks to

get through the process now takes only two weeks because we no longer have to balance out other machines. In short, we have added capacity and simplified machine-balancing issues," he said.

He adds that the old schedule "jammed up the horizontal and limited its use. As we grow our custom business, we're not constrained by how we schedule. Before, we were as full as we could be – and couldn't proactively go after new work. Now we're poised for growth. It fits into our continuous improvement mission and helps us keep our promises."

Gordon Weiler, Sales Manager, echoes Sibley's words and adds that "it's the best of both worlds when we know that what we had been doing was working well, but it shows confidence in our abilities and forward-thinking when our mindset is to act instead of react."

## AME conference attendees tour Daman facilities.

*As part of a recent Association for Manufacturing Excellence (AME) national conference in Chicago, industry leaders took a side trip to see firsthand how Daman has successfully implemented a continuously improving (LEAN) culture that excels in productivity and employee satisfaction.*



**F**inding examples of best practice innovative solutions being used to solve issues facing manufacturing today was the quest of conference attendees. And they found those examples after spending an afternoon at Daman. Participants represented a diverse spectrum of industries that included Hallmark Cards, Boeing, John Deere, Volvo, McNeal, Abbott Laboratories, Hon, Raytheon and Honeywell. They viewed Daman teams building their own schedules and ordering their own material. They also learned about internal training programs that are designed specifically to minimize employee turnover and allow for a workforce that is engaged as part of a team dedicated to high quality and customer satisfaction.

“An executive from Abbott Laboratories who took the tour had been told about how we’re changing our culture. After the tour, he said that he was ‘blown away’ by what we’re accomplishing and now he wants to come back and find out more,” said Dave Mischler, Daman Vice President.

### **Disappointing initial results lead to the right formula.**

A presentation by Tim McIntyre, Cell Leader, clearly illustrated an early training program that began with a plan full of high expectations, but ended with less-than-acceptable results. “Some employees told us that they didn’t feel that they were being trained. Realizing that perception is everything, we took major steps to revamp the training,” said McIntyre.

He then outlined the benefits of the current system:

- Goal-setting
- Timely feedback
- Process recognized and rewarded
- Consistent training
- Faster engagement of new hires
- Trainee-driven training
- Recognition of bad hires earlier in the process
- Lower turnover

“AME is designed for leaders who believe in using untapped human and physical resources to ensure their customers’ success. That success is the result of trust, respect and constant improvement in all processes and relationships. We’re always pleased to share our optimism with others. Judging from the evaluations we received at the end of the presentation, our guests liked what they saw,” said Mischler.



## “Fire, ready, aim.”

By Larry M. Davis

**W**e Americans understand the logic of improving our math and science education, and we can support it. But even as ardent supporters of education reform, and sensitive to the international challenges we face, the focus on math and science, as noble as it is, misses the more complex and fundamental issues of gaining a sustainable, competitive position.

Consider that math, science, engineering, communications, and machining technology are, as a group, considered “technology tools,” and are represented as individual branches of America’s competitive tree. This is by no means an exhaustive list, but it starts to put technology tools into perspective.

We could make a point that as a nation we understand the technology tools far better than what is inside the trunk, namely process and systems, because it is in this realm that the greatest opportunity for competitive advantage waits to be harvested.

The tools and skills that can provide profound competitive advantage, specifically process and system improvement, are nowhere to be found in our educational system. The result is that the great majority of organizations in our country are filled with wasteful activity that erodes our competitive status far more than our math and science deficiency. Until we recognize that this is where the real competitive battleground will be waged, we will continue to remain in a reactionary mode.

The work to be done on the educational front is immense. The time, money, and energy focused on improving our math and science skills, without a national effort to address the fundamental and profound opportunities in process improvement, foretells our future.

As always, there is more to do.

“Financial advice your grandmother gave you.” That’s a Dave Ramsey line. All employees will have the opportunity to take part in his 13-week “Financial Peace at Work” program. Daman joins thousands of companies, groups and individuals who have found out how to live debt-free. Krysten Shoulders, Daman HR Manager, is a recently Certified Workplace Trainer and says that peer support is fundamental to the success of the program that many have called life changing.

### Yes, there’s a doctor in the house.

Medical personnel from Elkhart General Hospital provide yearly lifestyle assessments and counseling to Daman employees and their spouses, and monitor cholesterol and blood pressure.

Learning about eating healthier and choosing more cereal, whole grains, fruits and vegetables in a diet is just the beginning. A complete health screening takes into consideration a person’s stress levels and whether or not he or she has an optimistic or pessimistic outlook on life. Removing stressors leads to greater wellness.

The goal is long-term prevention and personal accountability for one’s health. The 2008 program offers additional incentives for those participants who move from just being aware of their health issues to making measurable improvement in their health.

### Interesting tidbits.

- You burn more calories sleeping than you do watching TV.
- Like a fingerprint, every person has a unique tongue print.
- The air released in a sneeze can exceed 100 mph.
- Your heart is a hollow muscle about the same size as your fist.
- Your heart beats about 100,000 times a day or 3,000 million times in an average lifetime.

### Spotlight on Matt Henkler



If you’re trying to keep up with Matt, you’d better have your running shoes on! As the “go-to” computer guy at Daman, he already has a number of impressive accomplishments to his name.

He started working at Daman while he was still in high school, worked here through college and now has a Master’s degree in computer science. And if that’s not enough, he has degrees in electrical and computer engineering and math, and a license in computer education.

Now he’s busy working on his list of “things to accomplish.” His family has always been interested in flying airplanes, but Matt is the first in the family to get his license. With self-study and more than 40 hours of airtime, Matt can now cross “get Visual Flight Rules (VFR) license” off his list and begin on his Instrument Flight Rules (IFR) license.

Matt flies out of New Horizons Aviation (formerly Goshen Airport), which he says has “a phenomenal set of airplanes. They’re well-maintained and the airport is not as busy as some.” While he’s never run out of gas or lost a wing, he admits to a harrowing ride and landing caused by crosswinds.

What’s still on the list? A trip into space and being on the moon in 20 years. “I’m sure of it!” he says. We don’t doubt it for a minute!

**HYDRAULIC VALVE MANIFOLD NEWS IS PUBLISHED REGULARLY BY DAMAN PRODUCTS COMPANY, INC.**

Questions or comments?  
Call us at 800.959.7841, or email  
daman@damanifolds.com.

Daman Products Company, Inc.  
1811 N. Home Street  
Mishawaka, IN 46545-7267 USA

North America: 800.959.7841  
Fax: 800.241.7664

International: 574.259.7841  
Fax: 574.259.7665

www.damanifolds.com

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## Design accuracy plays a major role in on-time delivery.

*A 61 percent spike in new custom orders, coupled with only a 20 percent increase in design staff, SHOULD add up to a disastrous on-time delivery percentage. Not around here. When everyone steps up, our on-time delivery percentage stays in the "excellent" range.*



Statistics are funny things. Some people are satisfied with being “average,” or around the 70 percent range. Others are elated with a “B” grade. At Daman, anything lower than 100 percent means that there’s room for improvement. While we’ve had periods of 100 percent on-time delivery, we’re realistic enough to understand that external variables sometimes play a part. We make no excuses, and strive to influence those variables so they’re no longer problems. With that said, the goal remains the same, even with more orders, and with designers and manufacturing personnel working overtime.

“In the last six months, our on-time delivery percentage on standard product orders was 99.71 percent,” said Matt Giloth, WinWork Manager. “Put another way, if you planned to drive 60 miles per hour for 24 hours straight, a 99.71 percent accuracy rate would have you arriving at your designation only 4 minutes and 10 seconds later than you planned.”

### Leaving no stone unturned.

“When we see that job hours exceed the number of hours in the schedule, everyone pulls together to get the job done,” said Giloth. “We begin by focusing on design accuracy and making sure that customer specs are accurate – adequate wall thicknesses, making sure the circuit meets conventional application and that we have all the information we need to provide an accurate quote. We dig out the details. A customer error that should have been caught is OUR error.”

While the custom product on-time delivery figures are a bit lower than standard product, parts without coating or valves are shipped on time 99.5 percent of the time. Even so, Giloth points out that communication with customers is paramount. “In a week’s time, we manufacture 5,300 parts. We’re not happy if even one is late – even though that’s a great percentage. We recognize that our distributors’ reputations rest on us keeping our commitments.”

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Daman Products Company, Inc.  
1811 North Home Street  
Mishawaka, IN 46545-7267

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