

The Vermeer Podcast – Episode 14

Commit to Continuous Improvement

Mary Andringa:

Hello. My name is Mary Andringa, and I'm Chair of the Board at Vermeer Corporation. I'm really excited to bring this new mini-series of The Vermeer Podcast to you today on continuous improvement and lean principles. I have two of our improvement experts with me today, Gary Coppock and Louis Norton. Both of them have been on multiple kaizen events and have also been leaders of these events.

In this first episode, we're going to discuss the early days of our continuous improvement journey here at Vermeer. We should probably start out with: "What is the definition of continuous improvement?" Well, for us, we believe it is the relentless pursuit and elimination of waste. I just mentioned that we have been involved in kaizen events, and we use a kaizen event, which is a week-long event with a multi-, cross-functional team focused on a particular problem, often a productivity problem or a quality problem, and looking at what is reality of the situation right now and what is our future state and then how do we get there.

We'll be talking more about that. But the reason we got started in continuous improvement is because in the 1990s we were having significant revenue growth, which is a good thing, because of horizontal directional drill sales. But we were also seeing our gross margin and our profits go the wrong direction. And at that time we had two independent directors on our board. One of them was from the Han Corporation, who had been on the lean journey for a number of years. And he said to us, "You can't just keep adding buildings or machinery or adding more people into the equation. It's just not sustainable. You're going to need to learn what kaizen is about, or continuous improvement."

And so we actually started looking at companies that were on the journey, Han being one of them, Pella Corp., which is a great neighbor right here in Pella, and found out that there was probably something to this lean journey. We learned from some of the other corporations that were already on the lean journey. And we started with a kaizen event in 1997 and then really added more resources and a restart in 1998. I'm going to turn it now to my two continuous improvement experts and ask them a little bit about their early involvement with continuous improvement and maybe what they saw immediately as a value to this journey. Gary Coppock, could I start with you?

Gary Coppock:

Sure. Thank you, Mary. At the time that we started continuous improvement, I was just coming out of a new product launch in forage engineering. It was actually on the L-baler at the time and found myself in a position where I was able to help out with some projects in operations. And at that time there was also a lot of communication and training about continuous improvement and what it was and what we think it can do for the company. And that just kind of piqued my interest.

As I got more involved in projects and saw the impact of creating better flow, it just clicked with me, it made sense. And I saw the application, not only in operations but in other areas of the business as well. And so that led to participating on some events as a team member early on, leading some events, trying to learn how to do that, and eventually it just led to a career change in our continuous improvement department.

Mary Andringa:

I remember hearing you tell about the fact that you started using continuous improvement ideas in actually your own personal life. Can you just talk a little bit about that?

Gary Coppock:

Sure. As we were doing some of our early events, the days were really long. We'd start early, we'd stay late. There were just so many opportunities that we wanted to take advantage of that we were putting in a lot of time. And what that meant was, at least for me personally, it could be a challenge to get here early in the morning on time. And when you're leading a kaizen event and you have a room full of team members waiting for you to give direction, you really need to be there on time.

And there was a particular event where I found myself a little bit challenged to do that. I thought, well, how can I apply these lean principles to my morning routine, to my personal life, so that I can get here on time without having to get up any earlier? Throughout that week made some changes and just saw that it worked. I wasn't going any faster, I didn't eliminate anything that was at the time value added in that process, just took some waste out and was able to get here on time and be able to support the team. I learned that it had applications in my personal life as well as my professional.

Mary Andringa:

Great, thanks, Gary, for sharing that. Louis, some of your first memories and why this journey was important to our company.

Louis Norton:

Yeah, like Gary, my background is in engineering and product development, and I was new to the operations world at that time. And out on the floor, I could see parts not flowing through the process, but I did not have the toolset to attack those problems. As we were looking for solutions, I had the opportunity in April of 1998 to go to a lean seminar in Phoenix and had the opportunity to listen to Art Byrne from Wiremold speak about the tools they were using and the improvements that they were making.

And it just didn't seem real. He talked about 25% to 40% productivity improvements in the various projects they were doing. And I just couldn't believe it. Had the opportunity to come back to Pella and start to implement some of these processes. And it worked. The process worked. It was the "light bulb coming on" moment that really made the difference for me.

Mary Andringa:

And I was at that same conference. And I remember very well Art Byrne saying, "You will learn more about the strengths and weaknesses of your products, your people and your processes by getting involved in this continuous improvement journey and on kaizen events." And I think all of us were on numerous events in the first couple years, including all of the leadership team. And that did make a difference for Vermeer's journey. I'm going to just ask each one of you to share also, maybe one of the, I know there've been many, but one of the breakthroughs that you're thinking of right now that continue to make a difference and to keep our journey going through the last years, through the last 20 years, actually. Louis, I'll just start with you.

Louis Norton:

Yeah, I think one of the breakthroughs for me personally was early on, it was an event in the forage group. The problem at hand, I think the solution was pretty obvious to the leadership group, but not to the people that had to live in that area and do the work day to day. As the changes were being implemented, it was clear that we did not have the team coming along. Taking the time to make sure that everybody understood what truly was the waste that we were going after and what the potential solutions could be and just the importance of having everybody a part of the solution and a part of the effort going forward. Because when the project is over, they're the ones left to do the work and making sure that the solution made sense and was practical.

Mary Andringa:

There's no doubt change management is often the area that we're asked most about when people come to visit us and learn a little bit about our journey. And I still love the introduction in the Toyota way, which talks about how the Toyota production system is all about continuous improvement but also respect for people. And that means understanding how you work with the team through changes. And Gary, I think if you could also share any breakthroughs and maybe they're along this line or something different.

Gary Coppock:

Sure. There've definitely been a lot of breakthroughs regarding change management and the people side of change. But the one that I'll reference is process-oriented and when we started doing the model value stream focus. Prior to that point in time, we did a lot of improvements, I'll say in pockets of operations. We might create a model weld area in one plant and a model assembly area in another plant or a machine shop cell in a plant. And we made a lot of progress with those areas.

But over time, the model areas started to not look much different from the rest of the business, partly because other areas caught up, which was a good thing, but we just needed to find what that next breakthrough is going to be for us. The model value stream focus was an opportunity for us to take one area from raw material to finished goods, connect all of those processes in a way that we had never done before and implement some practices at a higher level than ever before.

That was also a time when we really started more focus on mixed modeling. And when we saw the impact to lead time, to work in process reduction, to equipment utilization, the difference there was significant enough that those practices started to be spread to all of our other production lines. And many of those practices exist today.

Mary Andringa:

Great. Thank you to both of you. And one of my memories would probably still be the financial event that happened actually quite early on in our journey. And the finance group realized that it took at least 10 working days to get a profit loss statement out at the end of the month. And they used the methodology of lean and really figured out how to go to a five-day close. And then with just more continuous improvement, brought it down to a three-day close, which meant that we had a lot more time to work on other issues with our finance experts.

And that is one event, one process improvement, that has really been sustained. That's I think been awesome. We are excited to share more with you in the next podcast. In the next one, in particular, we want to share some of the stories of working with suppliers, with dealers and with customers on taking continuous improvement methodology to their operations. I look forward to being with you on the next podcast. Thank you.