

EMBRACING EXCELLENCE

LEAN



CONFERENCE CANADA
WINNIPEG | JUNE 6-9, 2022



PRESENTED BY

CANADIAN
MANUFACTURERS
& EXPORTERS

CANADA'S LARGEST LEAN
EVENT IN 2022

EMBRACINGEXCELLENCE.CA



CULTURE SHIFT FROM THE GROUND UP



JASON YOUNG

General Manager
Standard Machine

Family Business –Minding our own business

- Great management structure for small company
- Basic values in check
- Identity was secure - Quality



Family Business – Minding our own business

TIMKEN

- Who was this big Orange Monster??
- Do we still have the same identity
- How do we make decisions
- What are the expectations?

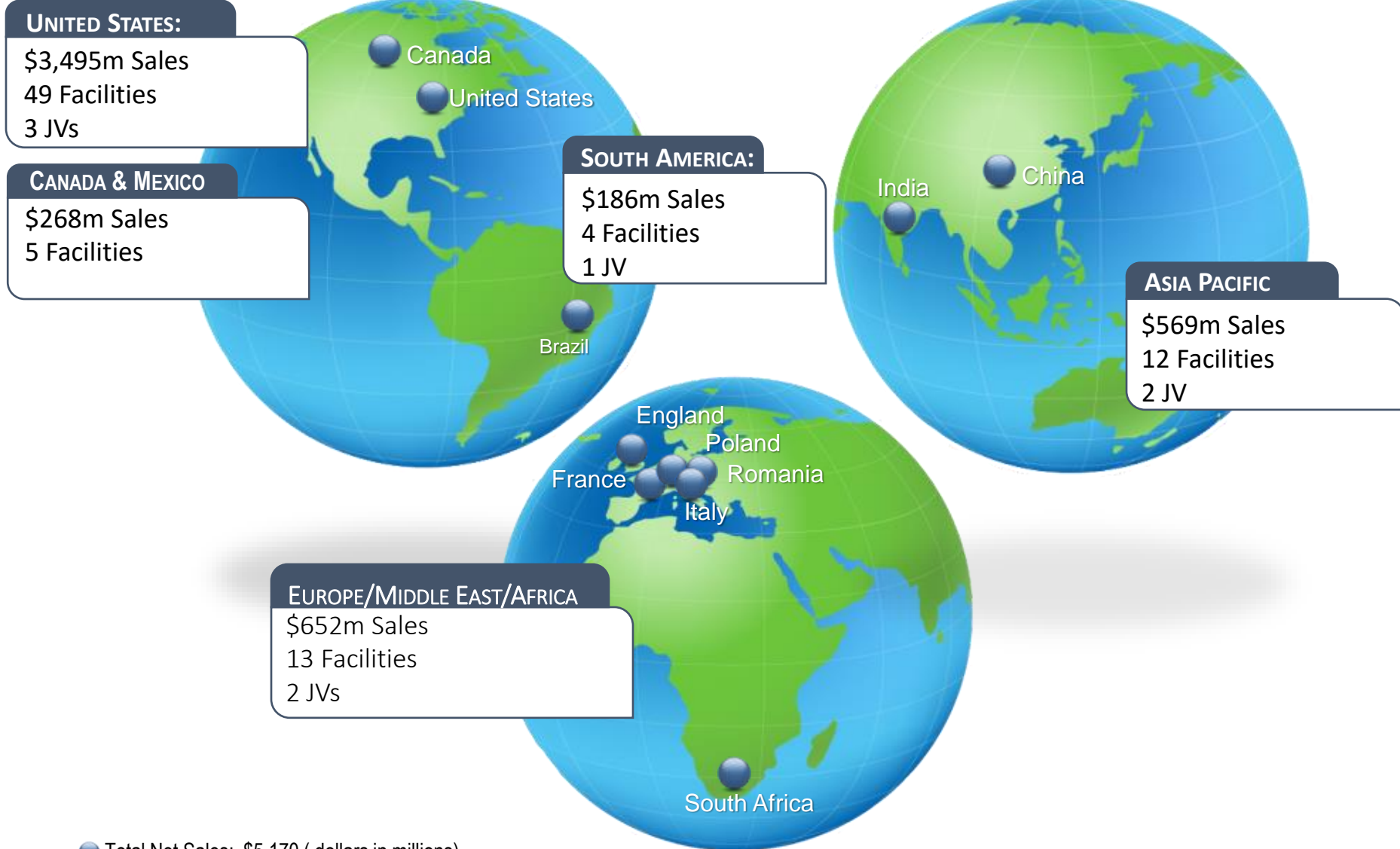


TIMKEN OVERVIEW

- Industrial components and specialty steels manufacturer, serving diversified markets, including:
 - Aerospace
 - Mining
 - Energy / Wind
 - Rail
 - Construction
 - Truck
 - Automotive
 - Distribution
- Established in 1899
- Headquartered in Canton, Ohio
- 2012 sales: US \$5.0 billion
- Global footprint with operations in 30 countries
- 20,000 people

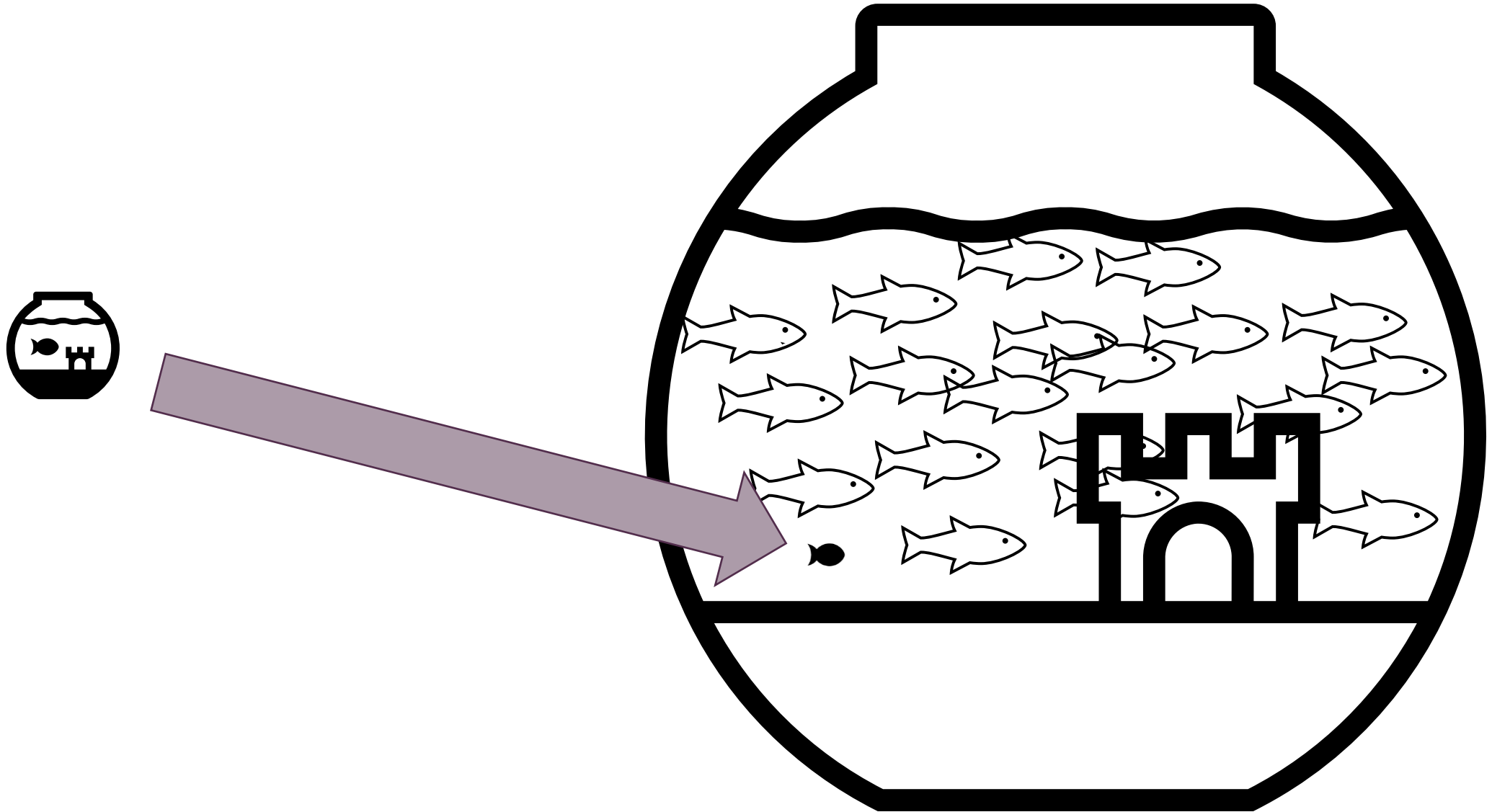


Our Global Footprint



● Total Net Sales: \$5,170 (dollars in millions)

● Note: Facility counts include manufacturing, distribution and technology and engineering centers as of Apr. 1, 2012.
● Denotes plant locations



Family Business – Minding our own business

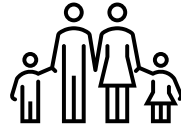
TIMKEN



**STANDARD
MACHINE**

POWER SYSTEMS BY TIMKEN

Family Business – Minding our own business



TIMKEN

- Gears
- Canada
- We are a good company that has been making money

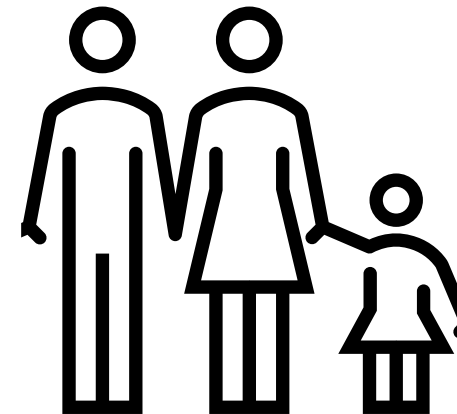
- Bearings
- USA
- Keep doing what you have been doing

Family Business – Minding our own business



TIMKEN

- Gears
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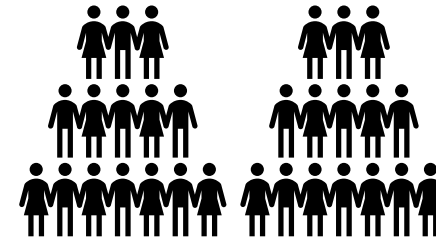
Family Business –Minding our own business



TIMKEN

- Keep doing what you have been doing
- We are a good company that has been making money

Family Business – Minding our own business

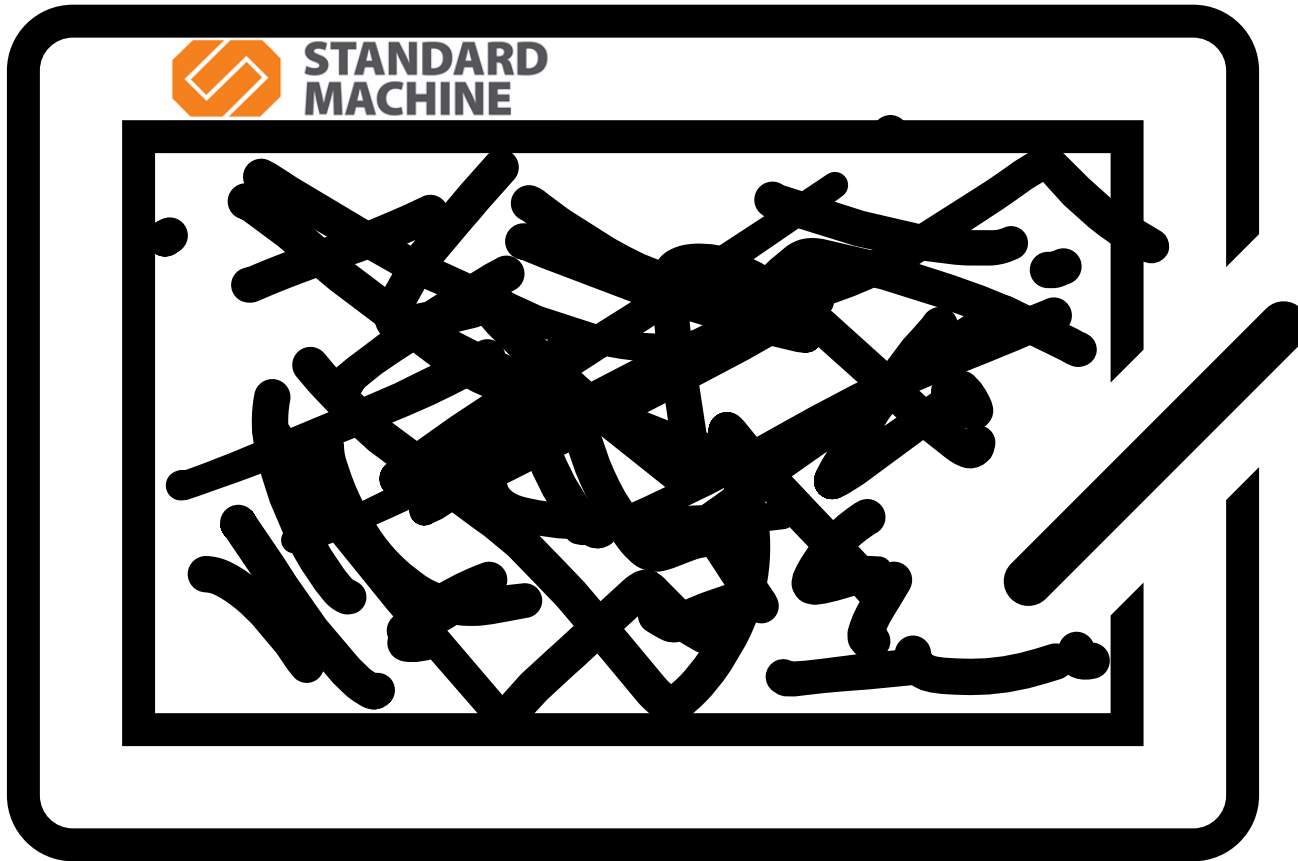


Who are we?

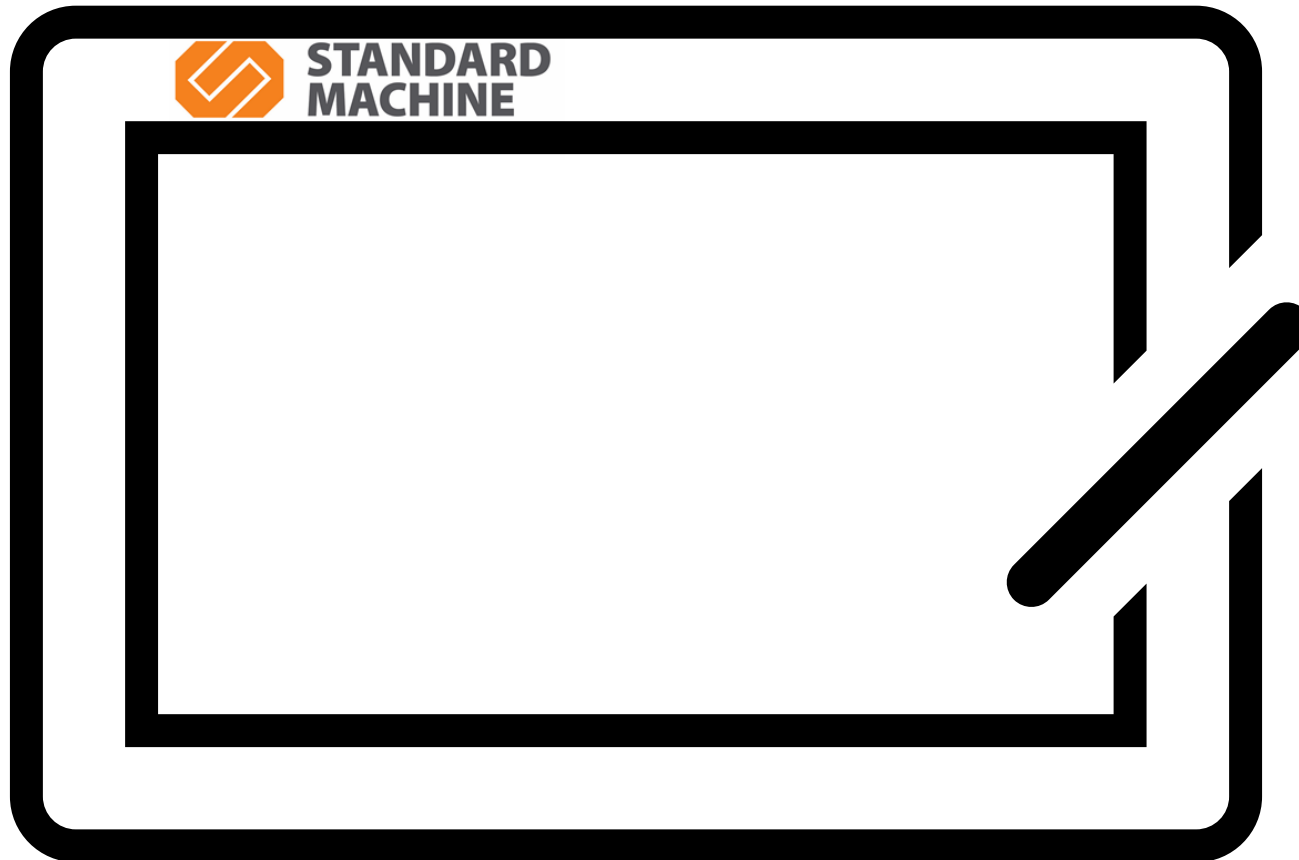
- What is our identity?
- Where are we going?
- What is important to us?



Starting with a Clean Slate

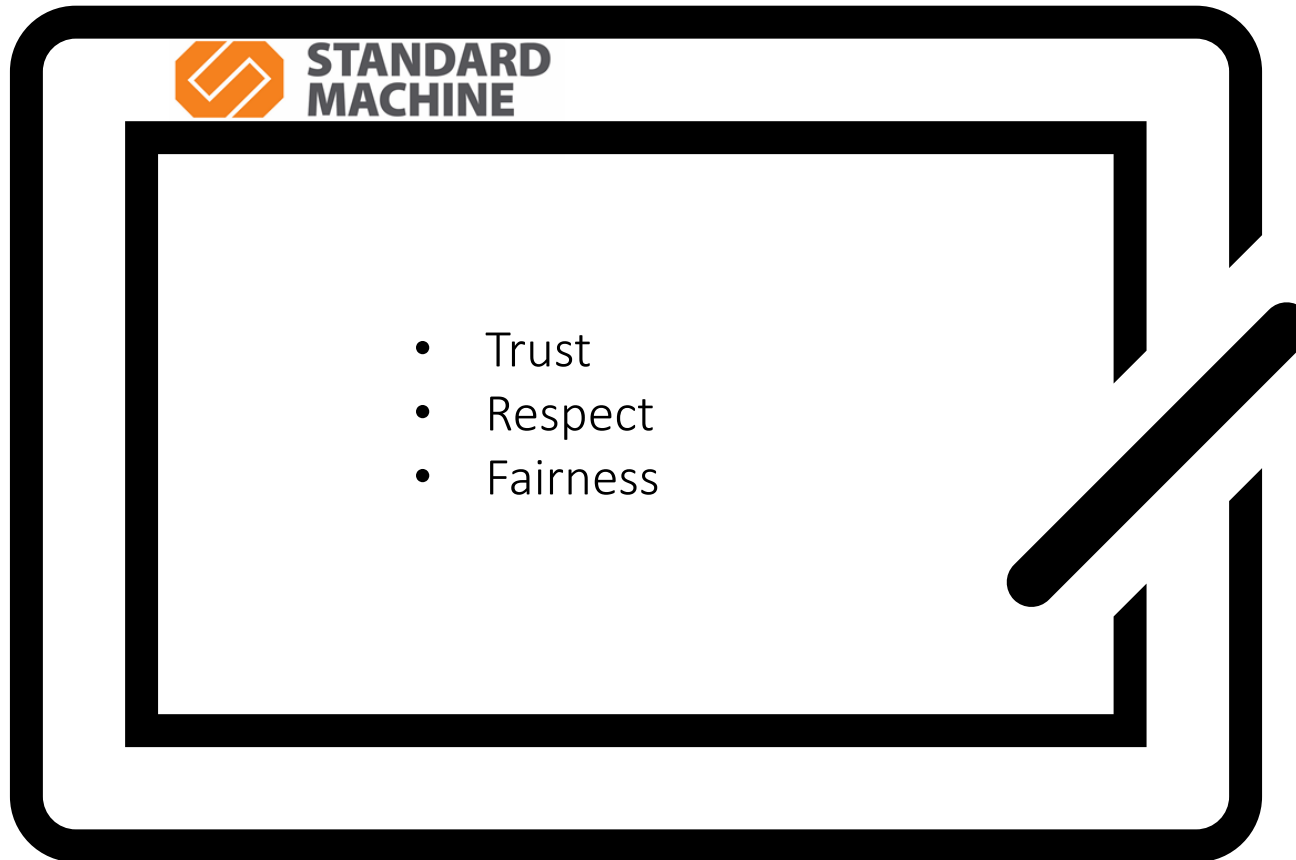


Starting with a Clean Slate



- ? Trust
- ? Respect
- ? Fairness

Starting with a Clean Slate



But How???

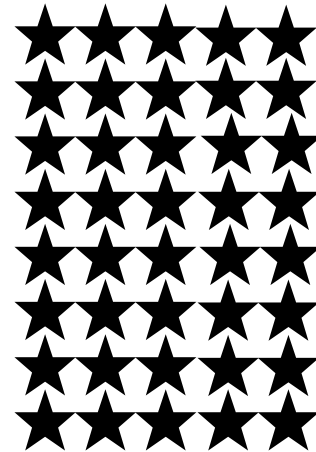
Accountability

- How to empower your employees
- Hold them accountable

Accountability

- Personal Goals
- Tied to bonus
- Honest feedback

Jason Young
Review



Please improve your handwriting.
Great job!!!

Accountability

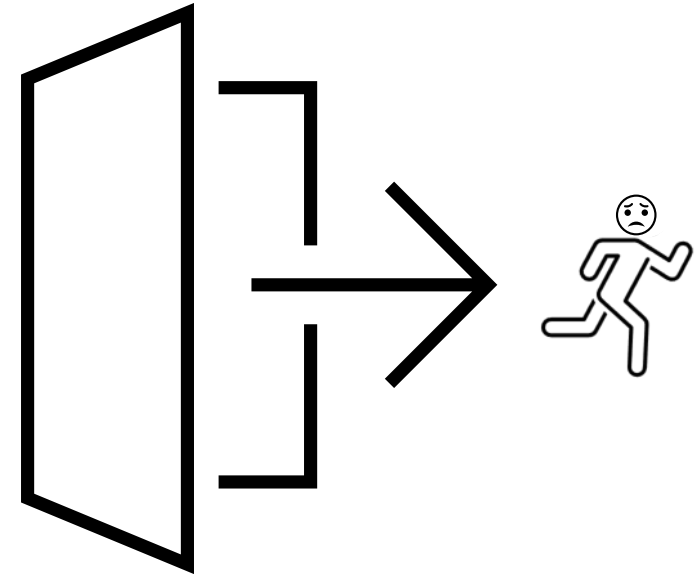
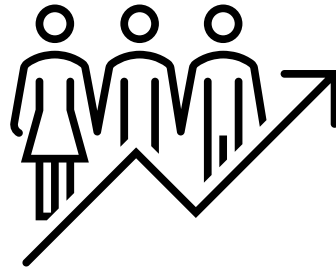
- Personal Goals
- Tied to bonus
- Honest feedback

Direct Report #1
Review

Expectations for next
meeting...

Accountability

- Personal Goals
- Tied to bonus
- Honest feedback



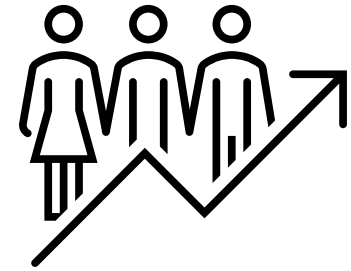
Culture

Empowerment

- Accountability
- Goal driven actions
- Honest feedback



- Fairness
- Trust
- Respect



Culture

- ✓ Managers
- ? Rest of the team ?

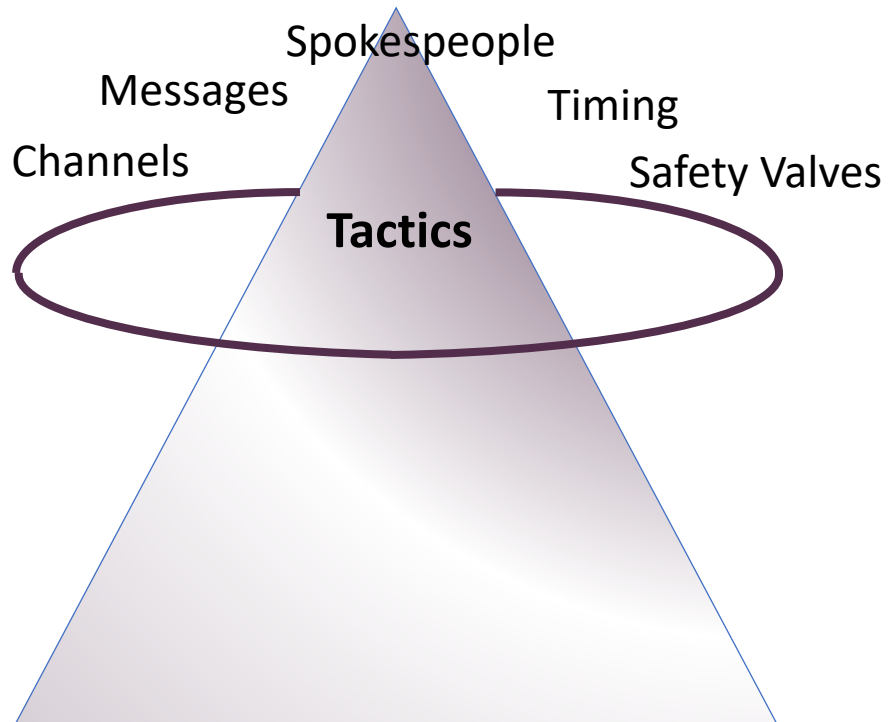


The communication at Standard Machine Sucks!!

What we do for communication...

- Phone Calls
- MySuccess (HRIS)
- Reviews
- Training
- “Jabber”
- Texting
- SharePoint
- Emails
- Meetings
- Toolbox
- Quarterly updates
- TV’s
- Cascades
- Safety Alerts

Communication – Iceberg Model



Thought Process for a Strategic Communication Plan

Tactics

1. What channels should be used?
2. What are the key messages?
3. What are the safety valves?
4. What should be the timing of the various communications?
5. Who should communicate the messages?

Communication



Thought Process for a Strategic Communication Plan

Contextual Analysis

1. How have employees assimilated other changes?
2. How congruent is the change with the culture?
3. How noncomplex and manageable is the change?
4. How advantageous is the change over past practices?
5. What benefits will be readily observable?
6. How will key relationships be affected?

Audience Analysis

1. What are the major groups of employees that will be affected by the change?
2. How will each group be affected by the change?
3. Who are the key opinion leaders?
4. What are the communication or channel preferences of each group?
5. What does each group know or think they know about the change?
6. What are the most likely concerns of each group?

Strategic Design

1. What are the tentative communication objectives for each of the audiences?
2. What are the common objectives shared by all the audiences?
3. What is a unifying theme that energizes and motivates employees?
4. Based on the audience analysis, how should the communication resources be allocated?
5. What should be the general sequence of stages or phases for achieving the objectives?

Communication



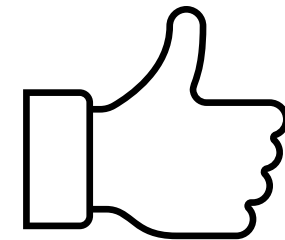
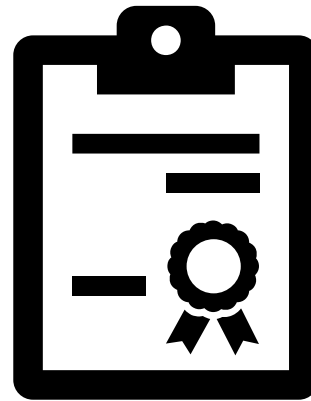
But How??

Hoody Gate

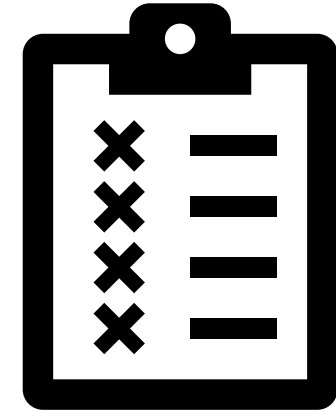
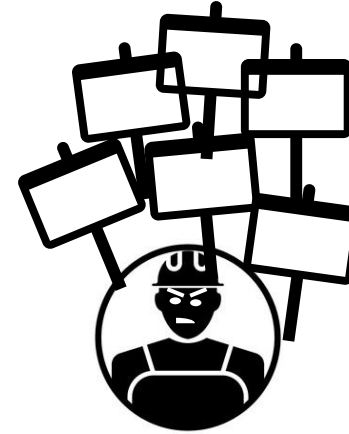
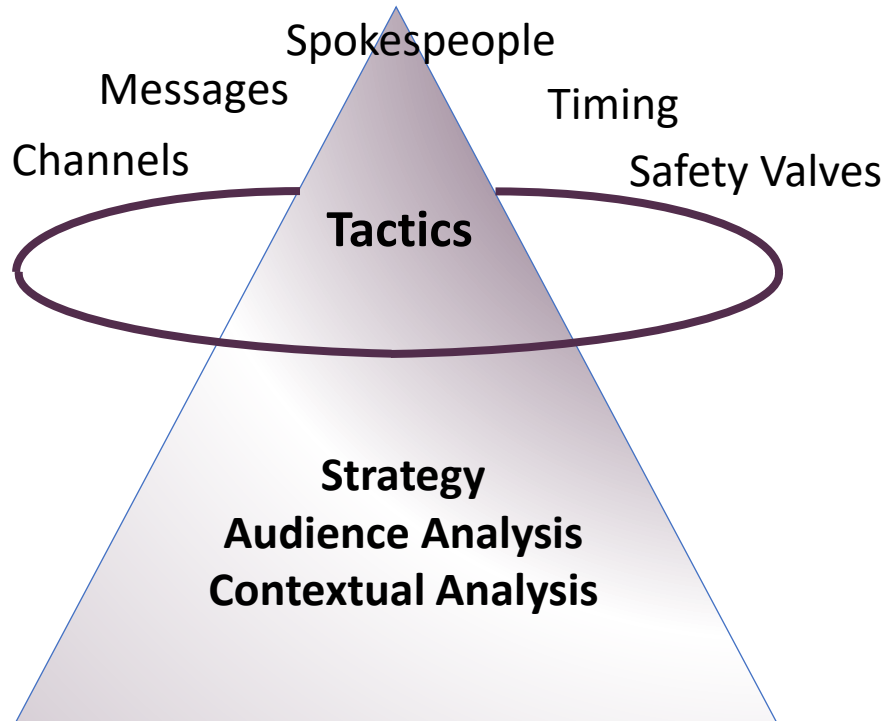
- A story of a rule gone wrong...



Hoody Gate



Hoody Gate

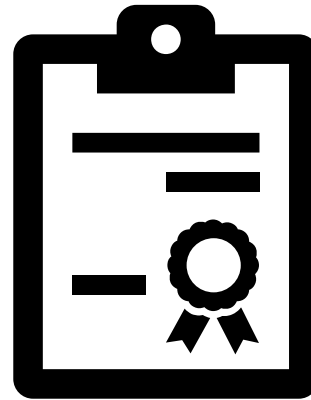


Hoody Gate



?

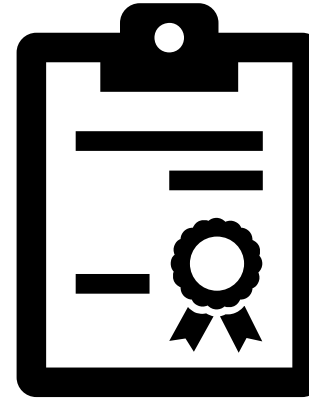
Hoody Gate



What worked before??

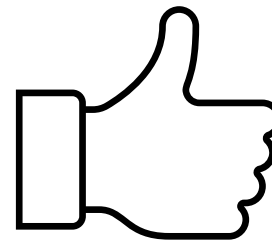
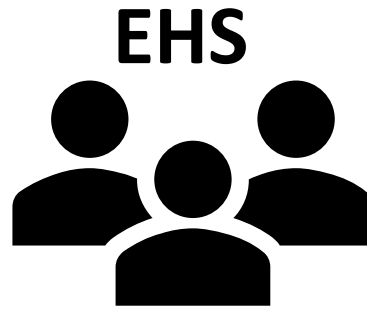
- ✓ Safety Program
- ✓ CI (Lean) Program

Hoody Gate

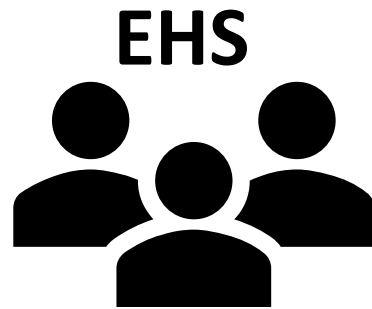


- ✓ Safety Program
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Hoody Gate



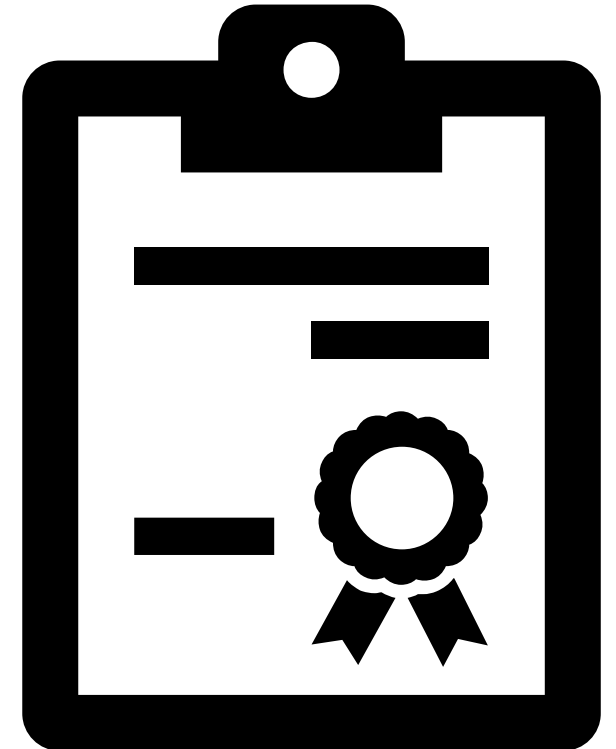
Others...



CI Task Team



Rescue Team



Communication



Thought Process for a Strategic Communication Plan

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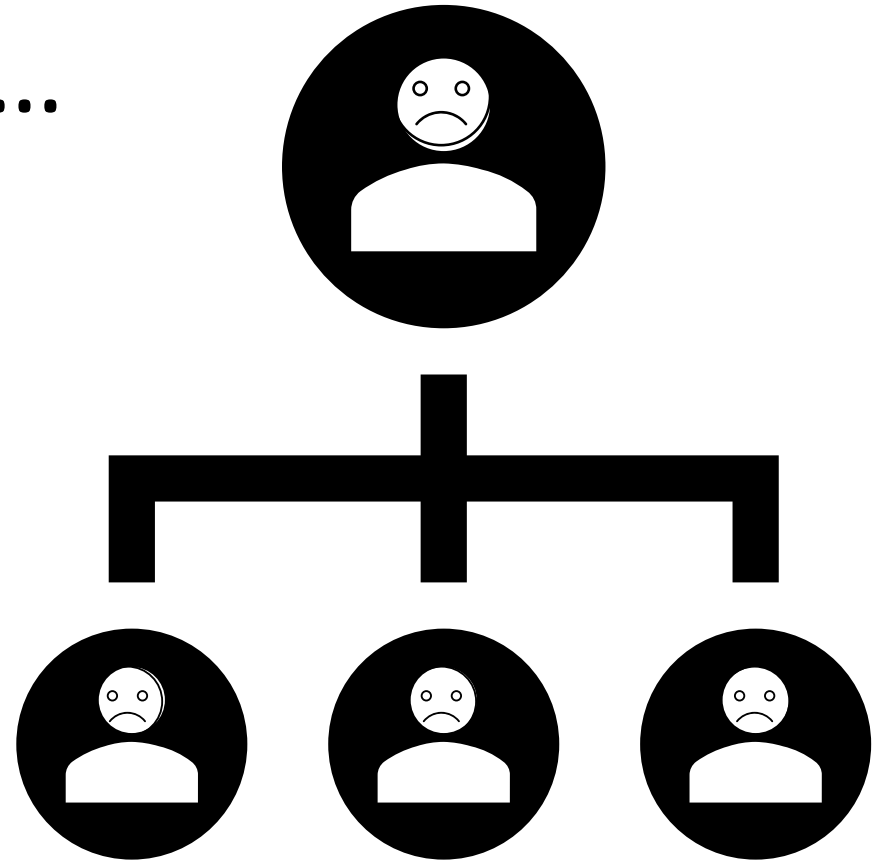
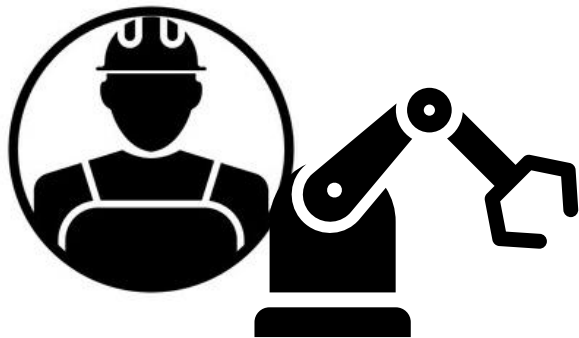
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You are good at your job. Now, go do something totally different...

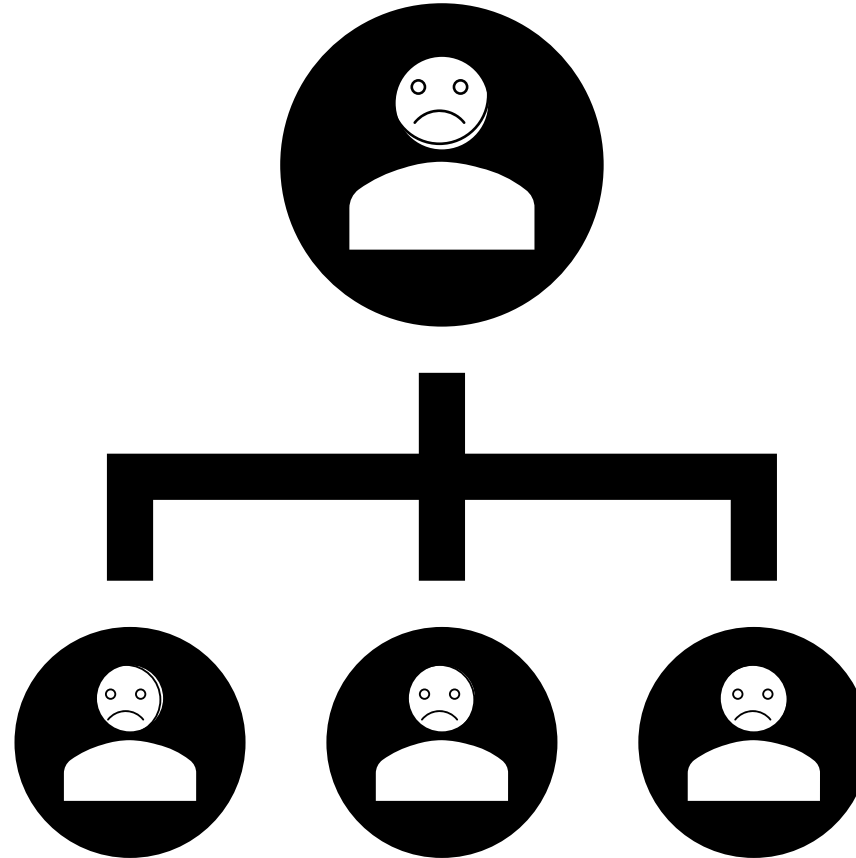


Aspiring Leadership



- Delegation & empowerment
- Conflict resolution
- Change management
- Influence
- Motivation and engagement
- Interpersonal relationships
- Decision skills
- Time and energy management
- Self-awareness
- Communication skills
- Stress management
- Company policy
- Company process
- Feedback on issues
- Temperature of culture

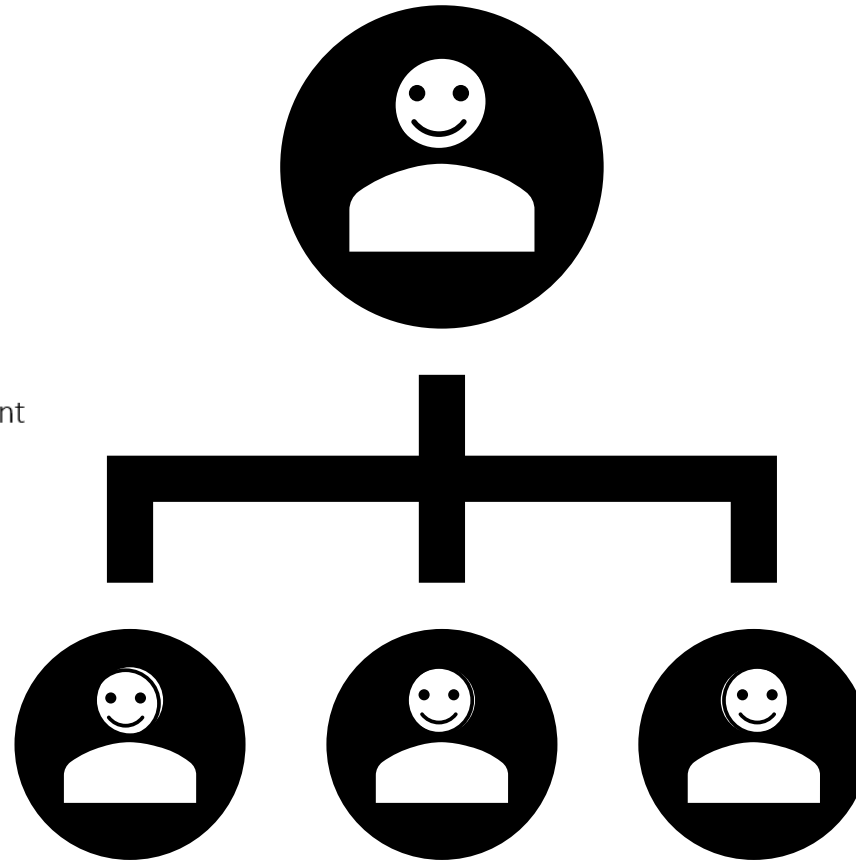
Aspiring Leadership



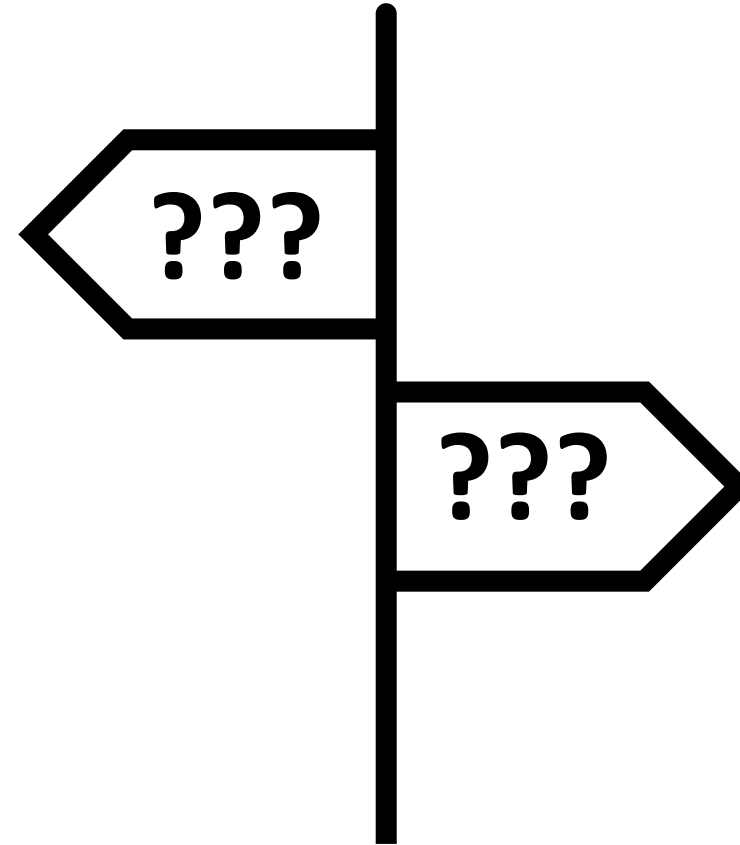
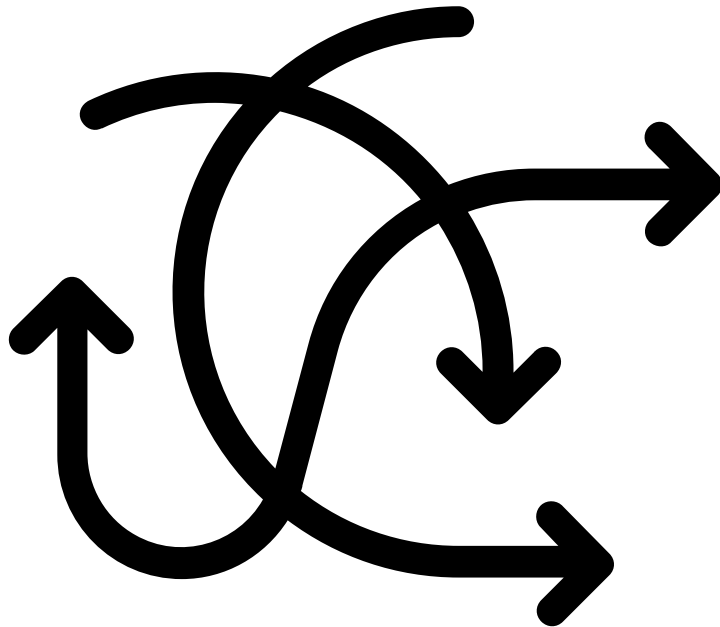
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- Communication skills
- Stress management



Where are we going?



Interdependent

What affects one affects all.

Interconnected

We share knowledge, information, ideas.

Interrelated

We share genes, experiences, wants, desires.

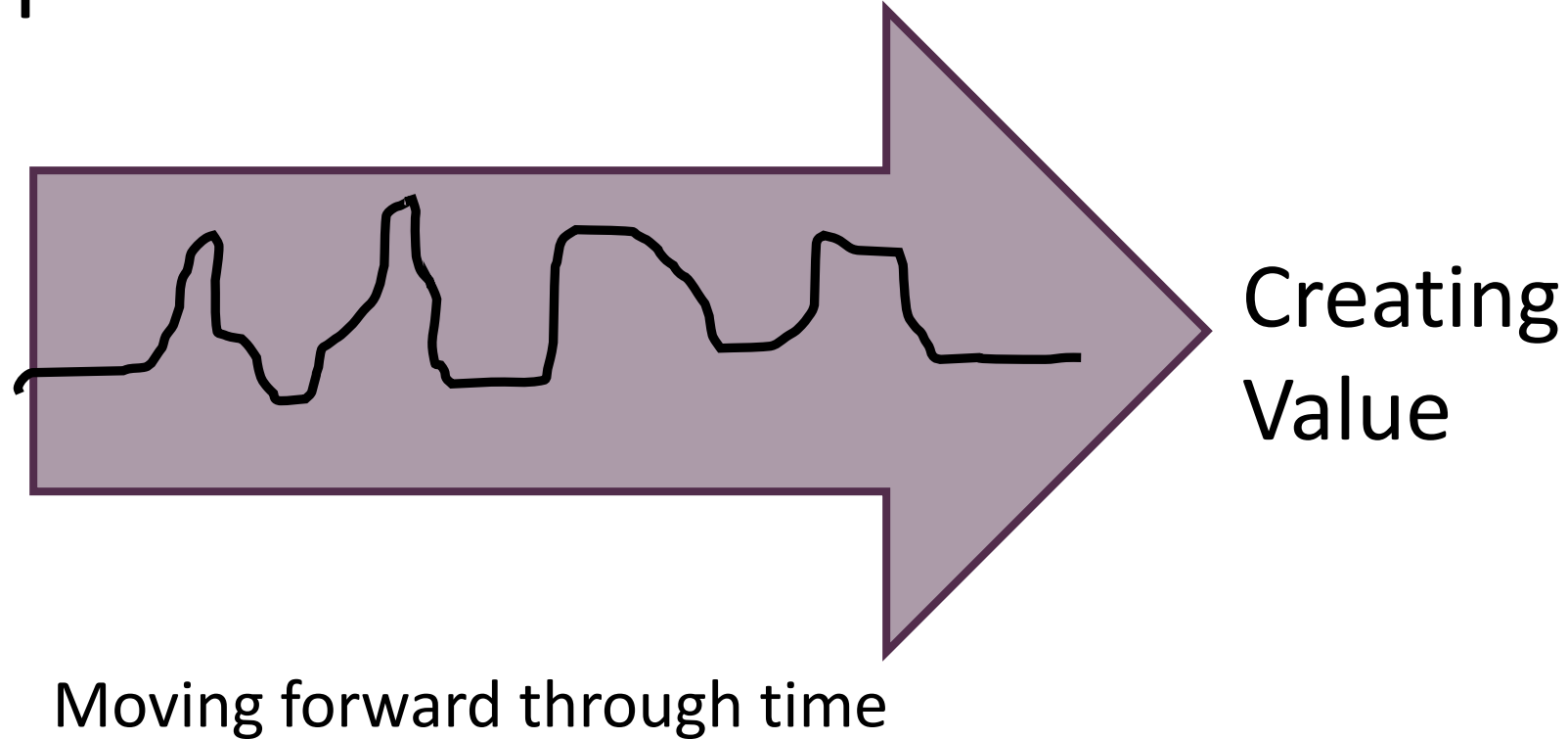


Infinite potentialities!

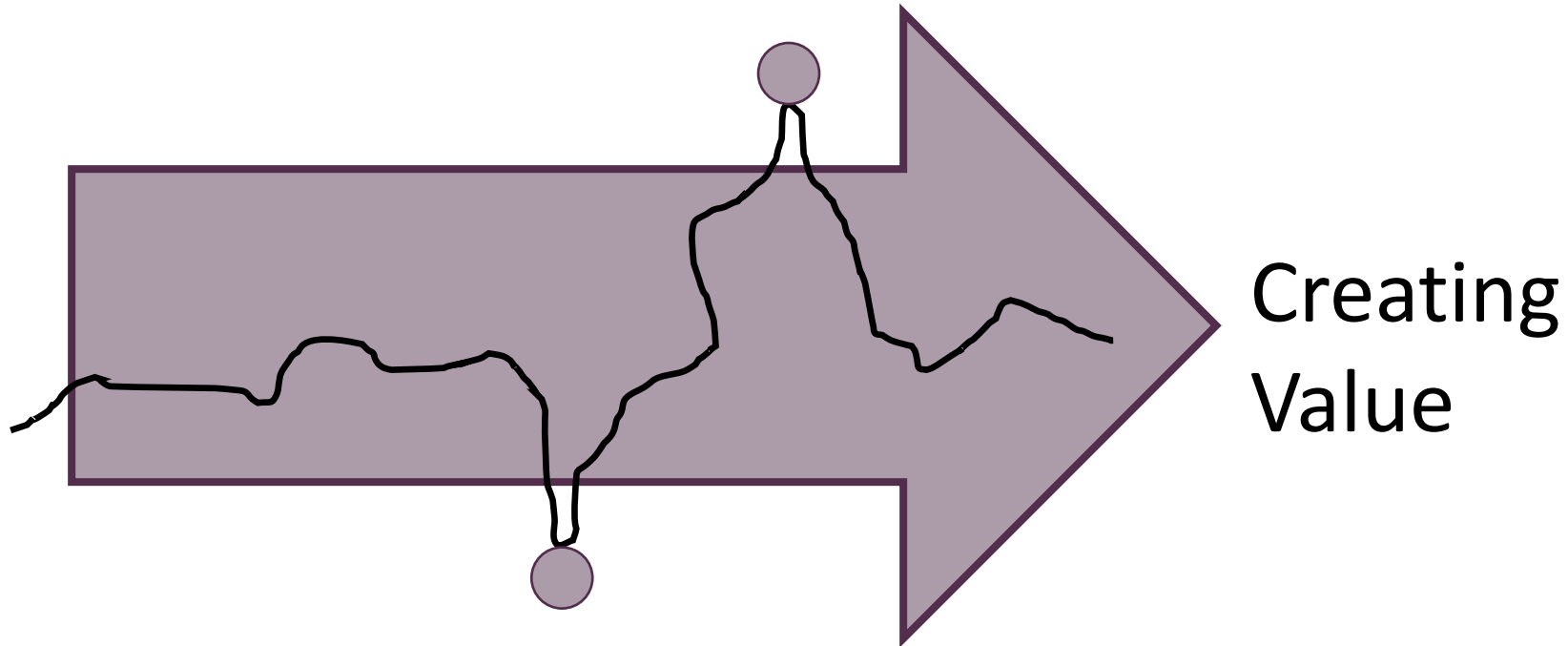
Complex Humans

Complex Organizations

Complex Movement is Non Linear



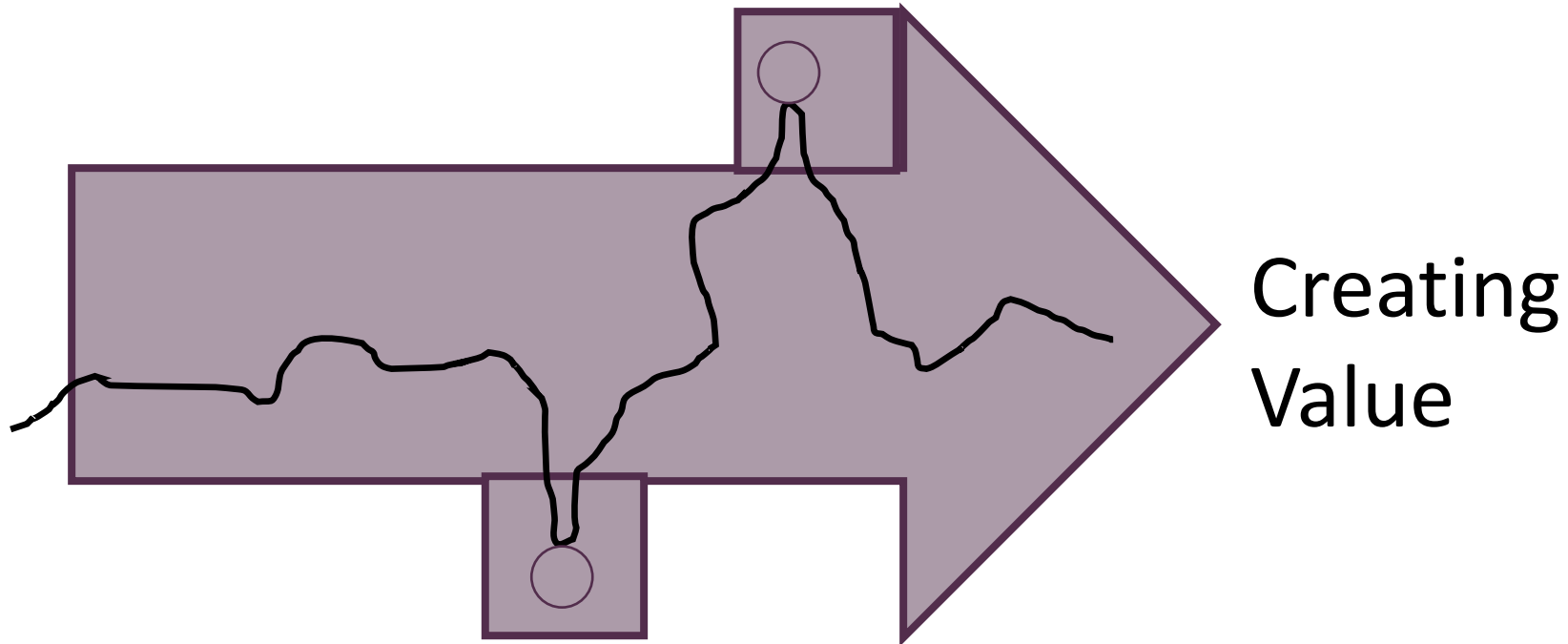
Consequences arise from Parameters and Constraints



Adaptation

“Out of the box” or “over the line”

Consequences arise from Parameters and Constraints



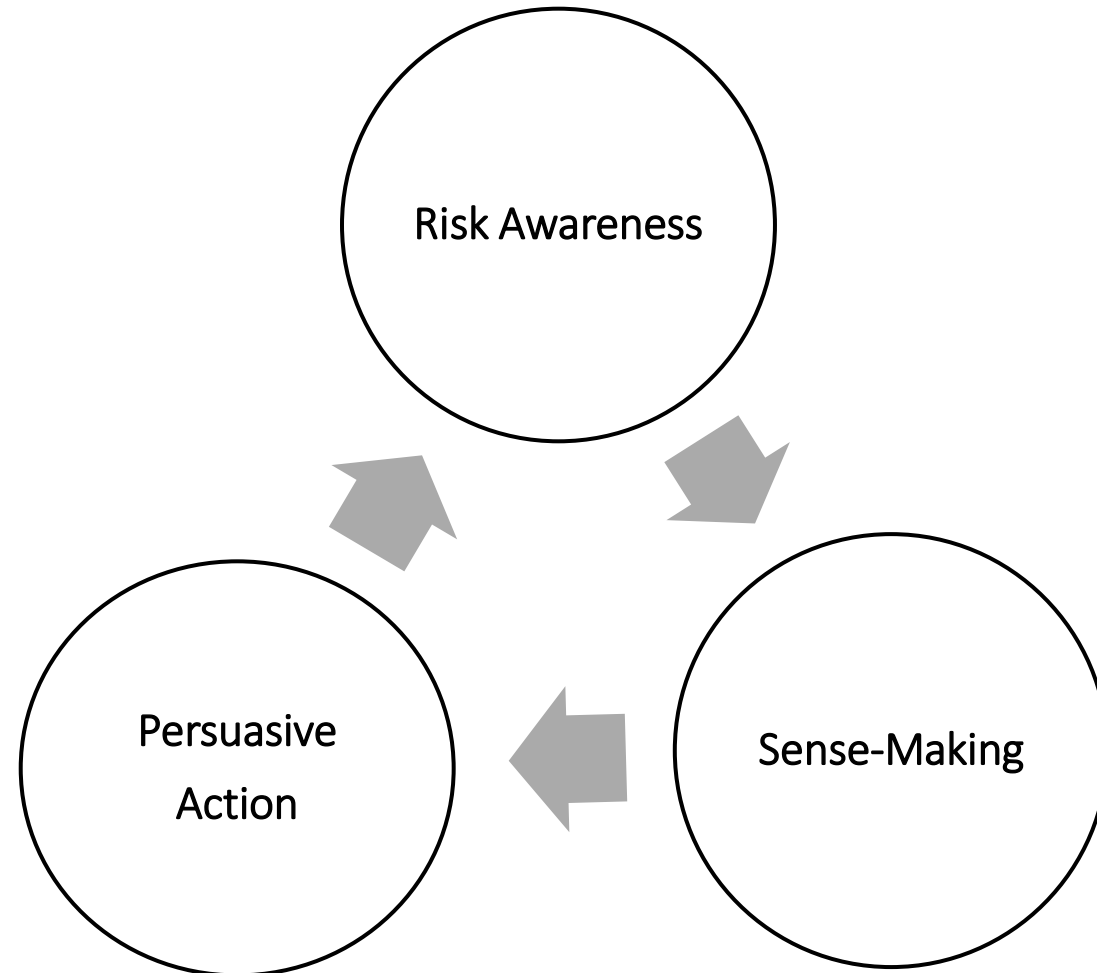
Adaptation

“Out of the box” or “over the line”

How we think about change

- Risk Awareness
- Sense Making
- Persuasive Actions

How we think about change



Strategic Plan

- Foundation (Mission)
- Vision (What we will look like)
- Culture (Core Values)
- Industry (Where we do business)
- Products & Services (Our Toolbox)
- Competitive Advantage (What we do best)
- Metrics (KPI's)
- Implementation (How)
- Challenges (Where we are at risk)

Standard Machine		Strategic Framework																																																											
Foundation <i>Our Mission</i> We use our knowledge to make the world's industries better	Strategic Objectives & Goals <table border="1"> <thead> <tr> <th>2022</th> <th>2023</th> <th>2023 & Beyond</th> </tr> </thead> <tbody> <tr> <td colspan="3" style="text-align: center;">Sales (Marketing)</td> </tr> <tr> <td>Re-establishing Hamilton Gear Brand Distribution relationships New Product development SME Development in Canada Marketing (Capability, Green)</td> <td>New market development Business development</td> <td>NGM Replacement</td> </tr> <tr> <td colspan="3" style="text-align: center;">Finance (Profit, Financial Well Being)</td> </tr> <tr> <td colspan="3">Paperless Reporting Software Capital Planning</td> </tr> <tr> <td colspan="3" style="text-align: center;">Operations (Productivity, Capital)</td> </tr> <tr> <td colspan="3">Machine Vied Vibratory Stress Relief Welding GSD/GRD Energy Initiatives Manufacturing Engineering Capital Planning</td> </tr> <tr> <td colspan="3" style="text-align: center;">OA (People, Learning, Culture)</td> </tr> <tr> <td colspan="3">Problem Solving Development The Green Team Employee/Employee branding</td> </tr> <tr> <td colspan="3" style="text-align: center;">Commercial Services</td> </tr> <tr> <td colspan="3">Pricing Strategy Disaster Recovery Reporting/Information (BI) Increase engineering bench strength Future proofing legacy software Customer data management New H-Line Investigation</td> </tr> <tr> <td colspan="3" style="text-align: center;">Competitive Advantage</td> </tr> <tr> <td colspan="3" style="text-align: center;"><i>What we do best</i></td> </tr> <tr> <td colspan="3">Large custom products, Vertical integration, Timken brands, Unique extensive capabilities in Canada Weaker Canadian dollar, Gearing capabilities, High quality service, Versatility, Technical expertise Understanding customer requirements Quality</td> </tr> </tbody> </table>		2022	2023	2023 & Beyond	Sales (Marketing)			Re-establishing Hamilton Gear Brand Distribution relationships New Product development SME Development in Canada Marketing (Capability, Green)	New market development Business development	NGM Replacement	Finance (Profit, Financial Well Being)			Paperless Reporting Software Capital Planning			Operations (Productivity, Capital)			Machine Vied Vibratory Stress Relief Welding GSD/GRD Energy Initiatives Manufacturing Engineering Capital Planning			OA (People, Learning, Culture)			Problem Solving Development The Green Team Employee/Employee branding			Commercial Services			Pricing Strategy Disaster Recovery Reporting/Information (BI) Increase engineering bench strength Future proofing legacy software Customer data management New H-Line Investigation			Competitive Advantage			<i>What we do best</i>			Large custom products, Vertical integration, Timken brands, Unique extensive capabilities in Canada Weaker Canadian dollar, Gearing capabilities, High quality service, Versatility, Technical expertise Understanding customer requirements Quality			Key Performance Indicators <i>How We Measure Success</i> <table border="1"> <thead> <tr> <th>Measurement</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>24,000,000</td> </tr> <tr> <td>I/c</td> <td>3,500,000</td> </tr> <tr> <td>Bookings</td> <td>2,450,000</td> </tr> <tr> <td>Gross Margin (% of CS)</td> <td>33%</td> </tr> <tr> <td>EBIT</td> <td>3,700,000</td> </tr> <tr> <td>EBIT % of Sales</td> <td>14.0%</td> </tr> <tr> <td>RIR</td> <td>0</td> </tr> </tbody> </table>	Measurement	Target	Revenue	24,000,000	I/c	3,500,000	Bookings	2,450,000	Gross Margin (% of CS)	33%	EBIT	3,700,000	EBIT % of Sales	14.0%	RIR	0
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Our 'Sandbox' <i>Areas & Industries we support</i> Canada Mining, Cement, Potash, Oil & Gas, Power, Chemical, Pulp & Paper Marine Support for PG Support for large gear manufacturing for Timken globally.			Implementation <i>How we make strategy a habit</i> Communication Goals Tactics Execution Follow-Up																																																										
Our Toolbox <i>Products & Services we Provide</i> New open /large gearing New gear boxes Repair Field Services Provide solutions Highspeed Heat Treating Bearing Repair Large Weldments			Challenges <i>Where we struggle/at risk</i> Keeping up with technology advancement Developing new business opportunities High overhead/fixed costs Access to skilled labour Marketing Risk aversion																																																										
Our Guiding Principles We Passionately Believe in: Treating people with respect • Collaborative Innovation Growing as individuals and as a company • Continuous Improvement • Social & Environmental Responsibility																																																													

Standard Machine Identity

Trust
Respect
Fairness



Accountability
Empowerment
Collaboration
Engagement

- ✓ Family oriented team
- ✓ Quality, quality, quality
- ✓ Service

CULTURE SHIFT FROM THE GROUND UP



JASON YOUNG

General Manager
Standard Machine

THANK YOU!



**STANDARD
MACHINE**

POWER SYSTEMS BY TIMKEN