



Lean & Outside Sales? It Works!

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Outline

1. What do we do at Nuheat?
2. My Work History
3. Nuheat's Lean Journey
4. Early Lean Successes
5. Timing Right for Sales
6. Dipping Sales' Toe in the Lean Pool
7. Full Speed Ahead
8. No Conclusion

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What do we do at Nuheat?

- Play foosball and ping pong
- Manufacture and distribute electric indoor floor heating systems (standard & custom) and freeze protection products for pipe, roof, gutter, and slab
- Unique culture with driven, entrepreneurial spirit
- One of Canada's 50 Best Managed Companies
 - 6 years running

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My Work History

- WIS International – Inventory counting service
 - Excellent exposure to inventory management
- Fireplace Products Intl (FPI) – Manufacturing
 - Production planning and Inventory control
- DHL Express – Transportation and logistics
 - Worldwide logistics exposure
- Nuheat Industries Ltd – Manufacturing
 - Integrated perspective; Green & Black Belt in Lean

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Nuheat's Lean Journey

- Began the journey July 2005
 - Main Priority – Internal focus
 - Plant first
 - Office second
- Perfect timing with housing boom & 30% growth
- All centred around Change Management
- Trained total of 9 Green Belts and 1 Black Belt to date with Lean Sensei
- Tons of Plant and Office 5S blitzes

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Early Lean Successes

- Standard Mat One Piece Continuous Flow Production
 - Broke the habit of production batches of 50 to 100
 - Elimination of all Work-in-Process inventory (\$150K)
 - Increased product quality
 - Helped manage supply chain much more efficiently regarding wire and fabric consumption
 - Visibility in the plant
 - Productivity increased on average by 45%

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Early Lean Successes

- Standard Mat One Piece Continuous Flow Production




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Early Lean Successes

- Customer Care/Design One Piece (Order Entry) Continuous Flow
 - Completely Paperless, electronic files, E-Fax
 - Pooled resources to service all of North America
 - Increased order accuracy and productivity
 - Standardized processes
 - Instilled culture for change and continuous improvement
 - Visibility using Outlook and color coding for the various types of orders



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Early Lean Successes

- Customer Care/Design One Piece (Order Entry) Flow

Customer Care Team - Inbox

From	Subject	Received	Size
Design	FW: DV D & CPO US135019 - PG SUPPLY - NCOUNT VERNON Tue 10/21/2008 11:07 AM	Wed 10/22/2008 8:12 AM	49 KB
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Design	RE: NTEC42218	Wed 10/22/2008 8:10 AM	28 KB
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Design	FW: DV Q - US135058 - CRONIN - KENT **240V** Tue 10/21/2008 8:28 PM PRITIKA	Wed 10/22/2008 8:05 AM	245 KB
vellae@chroniccompany.com	PO IS FOR US 134930 THANKS	Wed 10/22/2008 8:03 AM	92 KB
Jerry Truan	ShokePFE @ RE: Recall Sales - Q404 US125952	Wed 10/22/2008 8:02 AM	50 KB
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Bill Stein	Please quote R Design	Wed 10/22/2008 8:02 AM	361 KB
Melody Inaght	RMA Wed 10/22/2008 7:55 AM PRITIKA	Wed 10/22/2008 7:55 AM	731 B
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Kevin McElroy	SPO - US135026 - GRANT SUPPLIES - LONG ISLAND **GRD** PRITIKA	Wed 10/22/2008 7:14 AM	31 KB
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 Derek Veljaacic on behalf of Design
 [mailto:dveljaacic@nuheat.com] Message View | Print Message

To: Customer Care Team
 Attachments: A0038A07.TIF (47 KB)

Pro drawing on the J drive @ 120V

Derek Veljaacic
 Senior Design Associate
 Toll free: 800-778-9276
 Direct: 604-529-4598
 Fax: 604-529-4404
 E-mail: dveljaacic@nuheat.com

-----Original Message-----
 From: RightFax E-mail Gateway
 [mailto:RFA3@nuheat11.nuheat.local] Pc
 Thursday, October 23, 2008 11:07 AM F
 To: Inbox
 Conversation: A fax has arrived from ID [CSID] [CSID].
 Subject: DV D & CPO US135019 - PG ST NCOUNT VERNON Tue 10/21/2008 11:07 AM
 power in corner, see US133922 for location

A fax has arrived from remote ID [CSID] [CSID].

 Time: 10/23/2008 11:09:28 AM
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Early Lean Successes

- Yellow Belt Program
 - Internal Lean certification & mentorship program
 - Initially focused on front-line staff
 - Course Content:
 - Problem-solving tools
 - Production flow
 - Inventory management
 - Team and Individual Projects w/ Presentation to MT/XT
 - Creation of Kaizen Team with Yellow Belters

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Early Lean Successes

- Yellow Belt Program



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Early Lean Successes

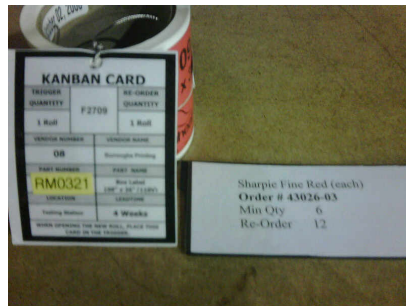
- Inventory Management
 - Vendor Managed Inventory (VMI) for boxes
 - VMI for First Aid Room inventory
 - Consignment inventory for Wire
 - Internal Kanban systems for Box/Mat labels, Stationery, Glue, Machine parts, other consumables

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Early Lean Successes

- Inventory Management



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Early Lean Successes

- Project Management Discipline
 - Less than stellar efforts in the past
 - Today, no project starts without:
 - Project Charter (Leader, members, objectives, plan)
 - Project Sponsor (Executive or Manager)
 - Team Roles & Responsibilities
 - Team Contract (Rules)
 - Project Schedule (Milestones and deadline)

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Early Lean Successes

- Problem-Solving Discipline

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Timing Right for Sales

- Nuheat's Distribution channels unchanged for over 15 yrs
- Each of 25 Key Account Managers (KAMs) responsible for geographic territory
- North America is divided into 3 regions (Western, Central, Eastern)
- Over 2000 Tile and Electrical Distributors

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Timing Right for Sales

- Our KAMs spend 80% of their week on the road working with Contractors and Distributors
- Limited interaction with Head Office
- Even more limited interaction with colleagues
- In fact, highly competitive with each other due to various incentive programs
 - disincentive to share
 - Own ways, habits

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Timing Right for Sales

- KAMs were happy to keep Lean initiatives at Head Office during the early part of Lean Journey
- Happy that lead times for products decreased
- Not-so positive feedback regarding the change to CCT & the 'loss' of their dedicated inside sales rep
- Various standardization efforts in CCT that ran up against some KAMs' resistance to change
- KAMs' frustration at changes, couldn't see value of Lean

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Timing Right for Sales

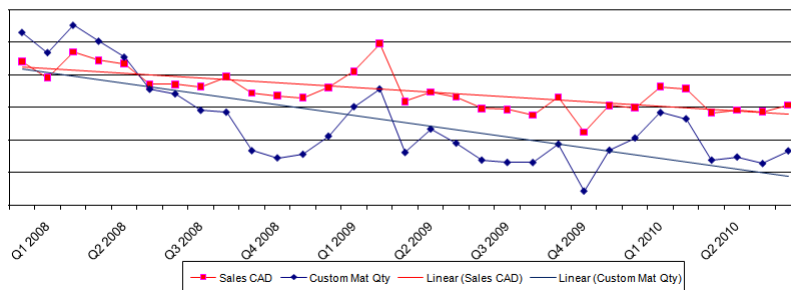
- Sept 2008 US Housing Crisis
- Quick realization that growth was not due to KAMs' sales skills
- Challenging, chaotic, and less-than successful implementation of CRM software (used to manage contacts, quotes, and activities)
- Over next 18 months, signature product, Custom Mat, 30% drop in volume and 25% drop in revenue

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Dipping Sales' Toe in the Lean Pool

Nuheat Industries Limited
Custom Mats Quantity Sold and Sales Revenue
CAD



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Dipping Sales' Toe in the Lean Pool

Custom Mat Re-Launch (July 2010) Project Goals:

- Standardize KAMs' best practices in selling Custom Mats
- Sell more Custom Mats by eliminating wasteful steps to make the purchasing experience easier for customers

Project Team:

- KAMs from Eastern, Central, and Western Regions
- Kaizen Team of Yellow Belters
- 1st time to have full cross-departmental representation

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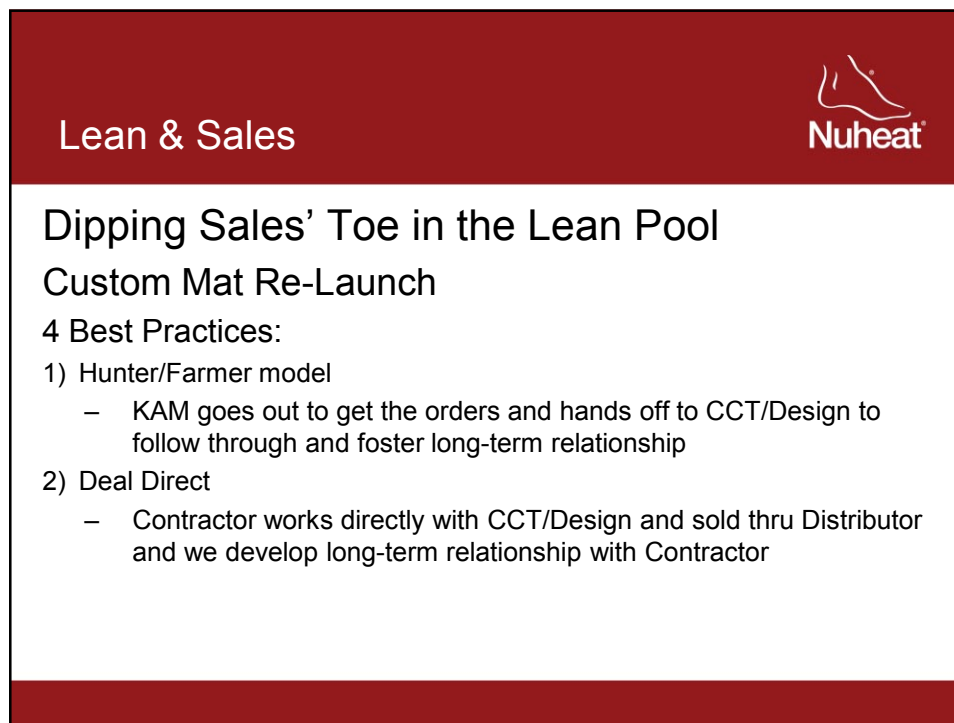
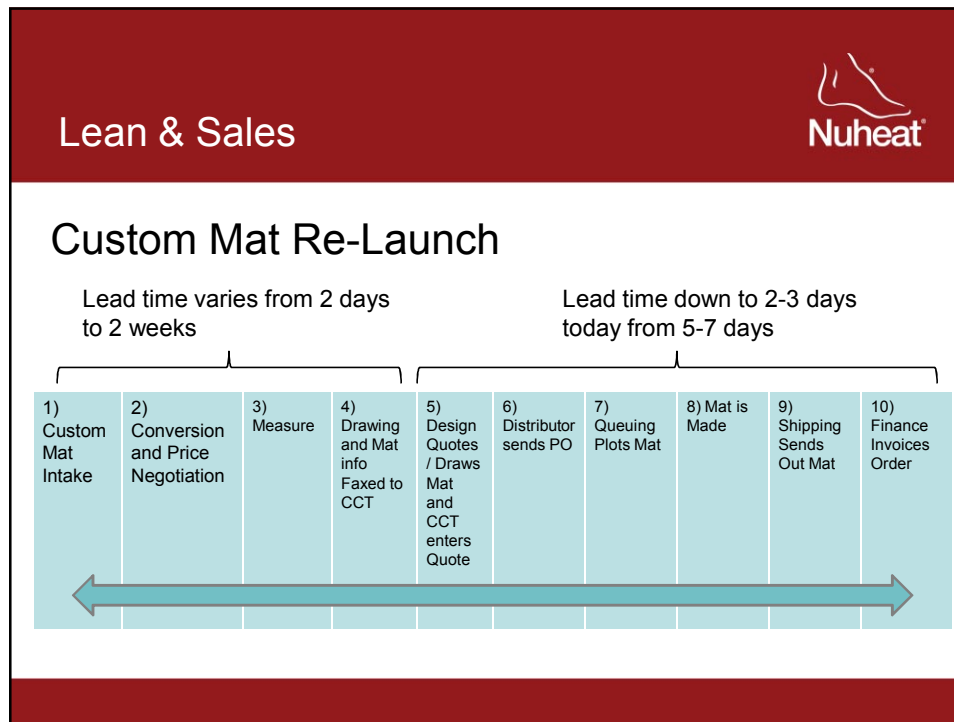


Dipping Sales' Toe in the Lean Pool

Custom Mat Re-Launch

Methodology:

- Mapped the entire Value Stream from Idea inception to Job site measure to Shipping
- Shared personal best practices
- Agreed on the best practices that should be standardized
- Presentation and rollout in Sept 2010



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Dipping Sales' Toe in the Lean Pool

Custom Mat Re-Launch

4 Best Practices:

- 3) Total Installed Price
 - Actual Installation cost comparison of Nuheat mats versus other products (labour, time, and materials)
- 4) Phone-in Measure
 - Eliminates the fear in measuring, increases accountability
 - Helps to train contractor to measure Nuheat, strengthens relations

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Full Speed Ahead

Yellow Belt Training

- 18 months of persistence and badgering paid off
- VP of Sales agreed that his team needed the help of Lean
- All 25 KAMs went through our Yellow Belt Training
- Each KAM was responsible for an Individual Project
- 7 Team Projects
 - Cross functional representation from Sales, Ops, Finance, CCT
 - Topics include Mobile Order Forms, CRM SOPs, Measuring, Planning and Scheduling, and 6 Week New KAM Training SOP

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Full Speed Ahead

Next Steps w/ Lean in Sales:

- Phase 1 – due Jan 28th, 2011
 - Sharing of all presentations with each other to ensure level of understanding
- Phase 2 – due Feb 4th, 2011
 - Publish final SOPs for CRM, Measuring, and New KAM Training and Mobile Order Form
- Phase 3 – due Feb 7th, 2011
 - Rollout and Implementation of SOPs/Form

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No Conclusion

Lean is a journey of continuous improvement

We just got the car on the road with Sales and there is no stopping us!