Quilting Together a Better Company

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Somewhere between the IT offices and the plant floor at Hy-Capacity, Inc. of Humboldt, Iowa, hangs a quilt that serves to remind employees of the multi-faceted and collaborative spirit that makes for a strong company. Many years ago, Hy-Capacity -- a remanufacturer and refurbisher of farm equipment parts from the likes of John Deere, Caterpillar, and AGCO -- launched an initiative to become leaner, more energy-efficient, and more environmentally-friendly. Each piece of the quilt is representative of the teams that made those changes possible, from lean, to 5S, to recycling.

The return on this overhaul in company culture has finally culminated in yet another investment: the ongoing construction of a $2 million warehousing facility, which will be the home to 15-20 new jobs in the near future. But to say this is the climax of Hy-Capacity's efforts to become a better company would be neglecting the very collaborative structure upon which it was built, and upon which it is poised to charge full-force out of the recession.

Steve Olson, president of Hy-Capacity, can trace their current success to a precise moment, when many defeated manufacturers gave into the hard times. He says, "We saw a lot of companies pulling back -- layoffs, sales getting slashed 30, 40, or 50 percent -- and I think it was a turning point for us, because we chose not to pull back, not to lay off. We invested first in our employees. The message was, 'We're going to build. We're going to believe in you. We're going to build our inventory. We need to build efficiently and safely. It doesn't mean we can just coast, but we've got to get our money's worth.'" When one takes their first step onto Hy-Capacity's plant floor, it's easy to see the pride and the success that has emerged from this investment.

Turning 'Lean 101' into 'Hy-Capacity Lean'

One of the first initiatives Hy-Capacity made internally was the establishment of lean manufacturing principles as a way to make production safer, more efficient, and more enjoyable for its employees. The transition from an old way of life is never simple, but a combination of luck and a unique approach helped management and employees break through the stigma of change. According to Olson, “When we started the project we had an employee meeting, and we said, ‘Who thinks we should be making some lean changes?’ And everybody raised their hands. The next question was, ‘Who thinks we need to make changes in your area?’ There weren’t many hands that came up.”

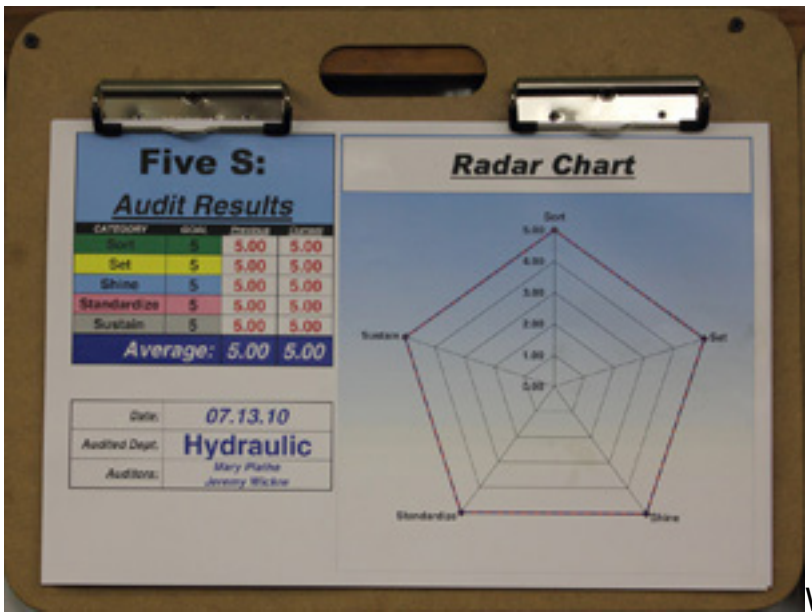
When implementing a new policy, some resistance is expected, but gaining employee buy-in should not be a struggle. Molly Varangkounh, vice president of Hy-Capacity, explains how their employees were slowly introduced into the philosophy of lean manufacturing: “We had all of our employees attend Lean 101. That was helpful, even if there was resistance. With that training, they were at least able to get the baseline. Everyone went through formal lean training, but then we turned it into our Lean Team concept, and it turned into ‘Hy-Capacity lean.’ We don’t do everything textbook -- we’ll get the backbone, and build around that.”

With a personalized approach to lean, plant floor employees were given the opportunity to get creative; if you ask management, this desire to make operations better had been brewing for a long while, with no opportunity for release. Cindy Danielson, general manager at Hy-Capacity, says, “They had never been asked, ‘How do you see your area? If you could move it, how would you move it?’ Once they were asked those questions, watch out and move away.”

Speaking with the shop floor employees, this desire to better one’s workflow is clear, as is a pride in what work has already been done. Sometimes, all that is required to reinvent your workforce is giving them an opportunity to be creative. Olson puts it well: “It was an untapped resource -- why not let the people that really know their job to contribute?”

More than anything, the investment in company culture and employees is most evident in the pride they demonstrate when discussing the overhaul of their work areas, and in the long-term commitment to success. Rare is the worker who has been with Hy-Capacity for less than a decade; many have histories that stretch beyond 20 or 25 years.

5S: The ‘Graduate School’ of Lean



When lean wasn't enough for Hy-Capacity, they turned to the principles of 5S to further improve operational efficiency. The philosophy of organization and cleanliness (sort, set, shine, standardize, and sustain, according to Hy-Capacity), became "a 'graduate school' for lean," as Olson explains. Their philosophy in gaining employee buy-in was simple -- perform regular audits, and make those results public. In other words: embrace competition.

After an audit, each workstation receives a score based for each tenet of 5S, with five being the highest score. This data is visibly displayed on a clipboard near the employee's area, in a chart and "radar" diagram, both of which provide a quick assessment of the station's latest condition, even if one is merely walking through the area to another portion of the plant. According to Hy-Capacity's management, this visual confirmation of success or the need to improve drove employees to work harder internally while taking on co-workers in the effort to be the cleanest and most organized. Danielson explains, "It took about a year for someone to get one. Now they're fairly common, but there was a fight as to who was going to get the first one. They're so competitive."

They aren't done, either, as Olson explains: "We've learned a lot doing 5S, and we haven't stopped. We're going to learn a lot more from tomorrow, and the next day."

For any manufacturers hoping to implement a new lean or 5S philosophy in their plant, Varangkounh says it is important to "celebrate your successes. Even if you stub your toe on something, there has to be something you learned out of it, and you can pick yourself up and try again. Not very many people rode a bike when they first got on one. Celebrate the things that went well, and be proud of them -- with all your team members -- because success breeds success."

Hy-Capacity Does Energy Efficiency

Hy-Capacity's long-term commitment to internal investment doesn't stop with its employees, however -- the company emphasizes recycling, energy efficiency, and going "green" for the right reasons. Recycling has long been a fundamental component of Hy-Capacity's success, as the remanufacturing and refurbishing of

equipment components is a form of recycling in itself. The simple application of this philosophy to the company's process has led to numerous awards for sustainable manufacturing, a distinction that has made Hy-Capacity's employees more proud of their lean upgrades.

One of the efficiency-based upgrades at Hy-Capacity was developed internally through the efforts in lean manufacturing. With input from various lean and energy efficiency teams, the maintenance department built a massive parts cleaner, capable of handling up to 2,000 pounds of dirty components at a time. The kicker: the cleaner uses only rainwater collected from the roof. A 1/2" rainfall provides 1,500 gallons of soft water, which reduces the need for soap. By taking the cleaner off the facility's water supply, the company has managed to save money and the environment, all while using a resource that would have otherwise been wasted. According to Olson, "It was one of the first feel-good things we built."

Hy-Capacity's new facility is also the subject of similar "feel-good" installations. Current plans include space for geothermal heating and a wind turbine, both of which will allow the facility to reduce its load on the electricity grid while showcasing the company's vision for more sustainable manufacturing. Olson explains, "We might not have something that lights the whole town of Humboldt, but it's at least a symbol of the direction our company really wants to go." In a world where any company can be accused of "greenwashing," Hy-Capacity's efforts can be seen as anything but, especially when the small wind turbine will rise up over the nearby farms.

In their continuing sustainability efforts, Hy-Capacity was recently awarded a "Zero Landfill" distinction, meaning all the company's "trash" is either recycled or donated to a different organization. From the day of inception, this process to zero waste took a short 90 days, proving that any manufacturer could seek a similar certification with minimal upfront investment. The success of this program is largely due in part to assistance from Iowa's Department of Natural Resource, which, to Olson, felt like "we [had] our own personal DNR guy."

Hy-Capacity, Moving Forward

In the near future, Hy-Capacity's management will be focused on the development of their new facility, but the internal reduction of waste -- whether through lean manufacturing or furthering its "Zero Landfill" status -- will be an ongoing process. The key is understanding that no system is perfect, and that no one person can know everything on a particular subject. Hy-Capacity's management knows the battle forward will not be without its delays, but believe they have laid down the proper foundation, both literally and figuratively. The excavators and concrete trucks outside, beginning construction on Hy-Capacity's new facility, are testaments to this effort.

And while nothing in manufacturing is easy, Hy-Capacity is confident in their position for the future, particularly when the recession begins to ease its grip on American manufacturers. "I know we've run into roadblocks, but they aren't permanent roadblocks," Olson says. "You just don't give up."

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