

Discussion of a Lean Transformation

Guest was Bob Weiner, CEO of PAS Technologies



**Business901 Podcast
Transcript**



Robert (Bob) Weiner, Chief Executive Officer of PAS Technologies Inc, appeared on the Business901 podcast. Bob is renowned as an expert in implementing Lean and Six Sigma on a global scale with incredible speed and remarkable sustained results.

Mr. Weiner's career includes seven years in executive positions at United Technology Corporation's Pratt & Whitney division including leading their overhaul and repair business, leadership rolls at Phelps Dodge and SKF MRC Bearings and 16 years of manufacturing experience at General Electric Company. Most recently, Mr. Weiner served as executive vice president of Chemtura Corporation's Supply Chain Operations. Prior to joining Chemtura in 2004, Mr. Weiner worked at Exide Technologies, where he served as executive vice president.

PAS Technologies Inc. (www.pas-technologies.com) is a privately held corporation headquartered in North Kansas City, Missouri specializing in providing cost-effective repair and overhaul solutions for the aerospace and industrial markets. By using innovative and proprietary high-technology repair processes, along with repair solutions licensed from OEMs, the Company saves its customers from having to purchase costly replacement parts. The broad range of components serviced includes gas turbine engines, critical airframe parts, gates and seats used in oil fields and industrial components used in other high-wear, high-heat, and corrosive environments.

Joe Dager: Thanks everyone for joining us. This is Joe Dager, the host of the Business 901 podcast. Participating in the program today is Bob Weiner, president and CEO of PAS Technologies.

Bob, I first have to congratulate you. It's quite a list of recognitions that you have received in the past year. You're the finalist in the Ernst and Young 2009 Entrepreneur of the Year Award. PAS received the Best Emerging Business Improvement Deployment Award at the Global Six Sigma Summit in 2008. You'll be the featured speaker at the upcoming Summit in October 2009. And you also won the Keystone Award from the Clay County, Missouri Economic Development Council. That's quite a list of accomplishments in the past year.

With this all being said, I'm going to ask you for a brief overview of PAS Technologies and what you think the future is for PAS, the aerospace, and the industrial markets that you participate in.

Bob Weiner: Thank you Joe. Thanks for the compliments. It's a tribute not just for me but obviously for all the people that we have at PAS because it takes certainly a whole team to be successful.

Yes, let me tell you a little about PAS just for everybody's awareness and yours Joe. We started; formally prior to PAS it was Praxair Surface Technologies, the aerospace business, which was part of Praxair. A large publicly held company with a tradition of many years of doing things the way they've been doing it. First of all let me tell you about PAS. We were a private equity; we acquired the company in July 2006. PAS is a... well I'll say how we started and where we've transitioned. At PAS we're predominately aerospace repair business. We started as repairing engines, piece part on engines for the old line Pratt and Whitney type engines.

We transitioned from that over the three years to today where we do material management programs and repair parts and modules for engines across the aerospace which is the largest portion of our business. Military; which is also in the aerospace, the oil field which has been a growing part of our business and the industrial gas turbine. Those are the four biggest business segments that we have within PAS. Would you like to go into a little bit in terms of the transition as we acquired the company?

I'll cover that a little bit but the biggest, as we started as PAS, as I mentioned earlier we started from an old line Praxair company. You talk about a monumental task in front of us, we were a company at that time it was part of a division of a large company. There was no company per say when we started.

There was no organization. There was no finance organization. There was no HR organization. There was no IT infrastructure so this wasn't like an acquisition where you acquire a standalone company. This was an acquisition where you acquired pieces of a company and you had a former company around it.

On top of that it was a company that was performing poorly. The predecessors basically did not want to be in this business. They really wanted to grow and see different elements of it. There wasn't a lot of effort being put into it. Consequently we started as a company that was industry, almost industry worse from delivery issues to way above average turnaround time, to sales that were declining. Although Lean was heard and said, it was really not applied.

Basically we had to take a company that was just performing very poorly but actually not creating a company, creating this company, a company that was just performing poorly and turning it into a company and turning around a whole market and product segment at the same time. It was just a major transition. I could elaborate a little later but that's kind of how we started and it's a little bit about PAS.

Joe: Now what was the time span? When did this start taking place?

Bob: The acquisition was three years ago, actually July 3, 2006. I came on board about two months ahead of that in prepping for the closure. What we did is basically we planned everything. It's an amazing story. We literally planned everything ahead of time. When July 3rd hit, it was basically we were PAS and we were PAS running. To put that into perspective, the organization was put in place and announced on July 3rd or July 5th I guess, the day when we actually started. We put an organization in on that day and knowing how poor we were from a delivery standpoint, we basically we started in two ways. We were going to put the organization in place and we were going to go after bringing in new business on the first day knowing that we had a very poor track record.

Lean, I can get into a little detail later, but our Lean system actually started one week later. It was off and running really on the very first day. The very first thing we did is we got all the employees together, laid out the plan and started as soon as we thanked everybody for being part of PAS.

Joe: With the new company, it had to be an accelerated process and you started using Lean or Lean Six Sigma almost immediately.

Bob: Yes, Joe, it was amazingly accelerated. My background, I ran engine services for Pratt & Whitney. I ran their engine assembly and test for all their large commercial, military. I had three other opportunities prior to that where I implemented global Lean Six Sigma systems. And, you could go back over these and where typically in the beginning, you go back 10 or 15 years, these things take six years to do and then you get them down to four years and then you get them down to two years.

Our implementation was absolutely about as focused as you could ever see anything. And we were done, well you're never done in Lean, but essentially, we had turnaround of a whole company in six months. And, it was as accelerated as you can imagine.

We went from industry worst -- well I wouldn't say worst. There's always somebody worse. But one of the worst in the industry to the industry best in all our product lines in six months on turnaround time which is really the core of it.

And the way we did it, and I've done Lean Six Sigma, its limitations, and you kind of get caught up into having ten metrics and you get caught up into all different ways of measuring it. And, we did it totally different. This was totally focused on turnaround time. And if you perform in this industry, you grow and you win. And so, everything was based on turnaround time.

Turnaround time is basically the time it takes for me to get the part in until you get the part out. And so, it's very simple, if you reduce the amount of time it takes to turning the part, you're going to reduce your cost, you're going to reduce all the waste that's in there, and then you're going to grow your business and you're going to reduce your cost of the business. And so, it was all centered on that. So, it was just totally focused on turnaround time.

How we did it is basically we just, on day one, which was really one week later, we started. I had to bring some outside help in and we had our own group that we brought in. LVIS was the name of the group. And, we had them and we had our own team. And, my own team was really, I brought in some people, and so we handpicked kind of the people, the key people around the company which we assessed prior to that.

What we did on day one is we did training. We did plant by plant. So on the first week we would take our main plant, we did week long training, we broke for a week, and then we did Kaizen events, a couple of Kaizen events in each plant. And, we focused on turnaround time on our main product lines.

We would repeat that every month within that plant. Then the next week we started the same thing in another plant. So, we hit all our plants basically training, Kaizen event, training, and Kaizen event, and then Kaizen event, Kaizen event, Kaizen event in every plant.

The training became off of the Kaizen event and the Kaizen event became the means of getting the results. And so, that's how we drove this thing. We just did it for six months straight. And, we may have done Kaizen event after Kaizen event in the same area but ultimately we just focused right across. So, it's almost too simple but it was very elementary how we did it.

So, it was training, Kaizen event, and Kaizen event. And, every Kaizen event was the follow up behind it. So, it was training, Kaizen event, follow up on the Kaizen event, next Kaizen event, follow up. So, every month there was another Kaizen event and the follow up was a couple of weeks after the first Kaizen event. And so, it became just a routine.

You might ask how do you do it, how do you get so focused on it? My role as the CEO was to attend and drive every single event. So, I was at the Kaizen event close out every Friday. And so, it was a very regimented close starting at Monday the kickoff, 4:00 every day, a daily report out Friday morning, the report out of the team, very straight forward but no let up in terms of how you did it. So, that's kind of the high level of how we did it. And, it was just relentless, to say the least. And, it was extremely effective and it worked very well.

But, we couldn't have done this without some outside help and LVSI we used for many years. I'd known them back at Pratt and they helped us kind of with the training manual and then the training and then they would lead the first Kaizen event and maybe lead the second one and then start to turn it over to us. And by the sixth month, we were pretty much on our own. So January one of 2007 we were on our own. And so, I would stack it up against anybody who's ever done Lean on a global basis to how fast you could do something, how focused you could be in getting it done.

Joe: I think that's really the key, you've used the word several times, is focus. Are you still doing regular Kaizen events?

Bob: We are, Joe. And, it's actually, because the thing about Lean, and I've learned a long time, is as fast as you could implement it is as fast as you could lose it. And if you don't say it all the time and you don't drive it all the time, it kind of declines because people always think, they look at your actions, and if you're actions don't talk about Lean, and then obviously there are other things on your mind.

I believe transition is over here. So, in the beginning it was becoming the industry best in turnaround time, which we still, are today, and we've gradually brought it down even further. Today's focus is on the same Kaizen events but today it's focused around cost.

You could say, well how does Lean and Six Sigma, how do you tie it to cost? Well, we tie it to improving productivity and the objective being if you improve productivity, you don't eliminate people because you can't do that, but what you bring in is new business, you might reduce overtime, you might reduce the cost structure of a particular part.

So we'll focus on going after work that we view as an opportunity in this market, and then we see where we are from a product cost standpoint, and then, in many cases, we'll do a Kaizen event around that to reduce the cost of the product.

I don't mean we get 10 or 15-percent cost reductions. We've had a few here where we've reduce the cost 50 percent on a product that we've been doing for years. And the reason we could do that, more than manufacturing companies remember we do repairs.

Repairs are not like manufacturing. The value add on a repair is much different than a manufacturer. We don't take a piece of metal and machine it to size. We take a finished part and we repair it. So the material content is fairly small.

Your opportunity is around labor and waste. And so we do that. We've taken Lean into material cost savings, where we try to reduce the cost of material we put on the part, or the powder we spray on a part, how do you be more effective in how much powder you put on it. So our Lean, in 2009, has been very focused on cost.

Obviously, we've done that, like many companies today have been focused on managing the costs in this environment. But I'll tell you, many companies have dropped Lean because they don't think they could afford it. Well, the fact is you can't afford not to have it. And today, more than ever, Lean is critical.

So we're doing more Kaizen events than we've done since the very beginning. We've got a very strong, Lean Six Sigma focus. I mean, we're doing events in all our plants now, just routinely now, several every month. So today, more than ever, it's all about more focus on it.

Joe: What have you found out was the buy in, initially, of the employees?

Bob: Well, it's interesting. I mean, different companies have different looks at these things. Some of these, you go into and people say, "Well, we don't need it." Our buy in, we did a lot of selling on it, in the beginning, to get people to understand what Lean meant to us. But one of the advantages we had is you take a burning platform, and the burning platform is: we're now PAS, we have a chance to shine, and this is going to be our core tool of shining as a company. People, in the beginning, heard about it, but were never involved, and so they buy in very quickly when they find out that you can do a Kaizen event and they're part of the solution. We put a big initiative this year to reduce the amount of powder usage. Powder's a big part of this company, a big part of our cost, because we do a lot of coating. And there are a lot of inefficiencies on that. And people, on their own, are creating new ways of being more efficient, and we'll do many type Kaizen events to do that. So the buy in has been tremendous, because you allow the employees to participate and actually drive the results. So yeah, I'm extremely pleased at that.

Quite frankly, you don't get buy in from everybody. There have been GMs that have not bought into this, in the beginning, and those GMs are not with us. So you've got to get the team that's with you and support it and say the words that they really mean, and you do that. Because if you talk about "How do you drive this?" it's driven at the top. But every general manager at every plant is the one that drives the plant. And if they're not truly passionate about it, and they're not relentless and focused in getting it done, then you've got to get somebody else in there.

So part of what I did, I didn't mention earlier, our company is a mixture of many other companies. We have a Praxair group, we have a Pratt & Whitney group, we have a GE group, and we have other groups. So the beauty of it is we have quite a mixture. And I've brought in people that I've known for many years that are just relentless in results and Lean. And so that core team is in place, and that's how we've managed to sustain and really take it to the next level.

Joe: Where did Six Sigma come in?

Bob: Six Sigma, it's interesting how we've done it. I've used Lean kind of as our centerpiece. Six Sigma is one of our tools as part of Lean. There's different ways to do it. And I felt, for PAS, it's confusing a little bit when you try and explain to an hourly employee Six Sigma. It's much less confusing what Lean is.

And so Six Sigma is a tool. And we've used Six Sigma for project prioritization matrices to sort out and identify what projects we're going to use. We've used Six Sigma for our very tough projects that we have to solve. And we have several of those where you have some very deep-rooted quality improvements you want to make, and you use the Six Sigma process to do that.

So we've been very specific. It's been around much focused projects, and it's been around other things, like the project prioritization matrix. But we've kept Lean kind of as the core. Our envelope, we'll call it, is our Lean Six Sigma process. That's kind of how we've done it. We have a number of black belts in our company. But Lean has been kind of our cornerstone, intentionally.

Joe: I've always looked at it as Lean's the culture and Six Sigma is processes we use within the culture to get certain things done. Is that a fair representation?

Bob: Yeah, very much so. I think Lean is the culture. And that's why I said that Six Sigma tends to be projects that engineers work on. Lean is where the grassroots, your hourly employees, are on it. And so that's why we've used Lean as the culture, as the core, as what you're really trying to change as a company. So yeah, that's exactly right. That's kind of how we thought we'd use that.

Joe: Well, you'll be one of the keynote speakers at the WCBF conference. Your presentation is on how Lean and how Six Sigma are key to surviving in a downturn. You touched upon that, could you give me a quick overview of your presentation.

Bob: Yes, I touched on it in a way that if Lean Six Sigma isn't a core of what you're doing today in running the business then you're missing the boat. What I'm really focused about is we've done well this year from a financial standpoint. We've taken out a huge amount of costs over last year. Lean has been really the core of it. It's a couple of approaches that I'll say this year has been.

One is we want to take all the waste out of our processes. We want to save money everywhere we can. Lean ties in events that goes around it is what we've been doing. That's worked very effectively, very effectively for us. We focused on being the very best in terms of performance. Basically been customer focused. If in this market, if you're not the very best, being the very best is where you're going to grow the business. It's having that competitive edge that allows you to get there.

I guess what I'm saying, what's been so important, is in a down market you've got to do a couple of things. You have to be the best. If you're the best, it allows you to grow the business. There are so many examples in terms of how we won new business today because we are the very best.

In fact many companies today, in down markets and I don't know why, well I know why because I've been through some of those in the past but companies in down markets don't do as well as you do in an up market. The reason that happens is because morale is down, people see the gloom and doom in the world and they don't perform as well.

Those that win are those that perform well today. We're performing better than anybody out there and even better than we've done in past years. That gives us that edge over anybody else. It's all about customer... it's about a couple things. It's about customer focus which allows us to grow market share in a declining market. It allows us to Lean out our processes and continue to reduce cost because as you reduce cost what you're doing is the cost of your product is coming down. It allows you to be more competitive and go after the business again.

It's kind of a several pronged approach but it's more critical than ever to doing all that because that allows you too essentially to succeed in the market. When the market turns, all of the sudden now you've grown market share, you've got new customers, you've got new products, you've got a lower cost structure. Now you're that much ahead of where you were in the down market.

Joe: I've always thought that quality improvement is for maintaining, gaining customers. As a proactive method and the by product is cost reduction which makes you more competitive. A lot of people look at implementing a quality program as an expense. I think you're saying 90% of your business issues could be solved with some real just basic tools.

Bob: Yes, that's exactly right Joe.

Joe: Is there something that you would like to add, that you would like to say about the conference and about PAS that I didn't ask here?

Bob: No, maybe just nothing particular other than maybe to just sum up a couple of points. I think from PAS, one I think we've been a company that strives off of Lean operational excellence and customer satisfaction. Lean is the core of everything we do. It will continue to drive us forward. We've applied even further.

We didn't talk about the business process side but that's been a core right now that we're driving. You can't just do Lean on the operational side without improving the business improved, process improvements because they go hand in hand.

Ultimately you'll get stopped because you can't do your processes fast enough. We are amazingly quick at everything else we do including whether it's a contract, a quote.

Where companies take months to put a contract together, we can do it in days.

We can develop or come up with a pricing structure in hours while companies take weeks. That's all another part of Lean and how we act. It's a big deal. We're a think big, act small type of company.

A book I read two months before I started at PAS, we've followed that philosophy right from the beginning. That's been kind of the core of PAS. The last point to make is to the audience and really everyone else is Lean has to be driven at the top. I don't care what anybody says, if you think it will work from the bottom up unless the top is driving it.

People listen to what the CEO says everyday and if the CEO says, "This is important" then people say, "It must be important". If the CEO doesn't say it, it must not be important anymore. You have to say it all the time and you have to show your actions, and you have to be there, and you have to support it, and you have to culture it.

I'm not somebody that just says it and don't understand it, I could run a Kaizen event like anybody else. I understand it. I don't run a Kaizen event but I understand all the details with it. I'll support them and I'll ask the tough questions. It has to be driven at that level. That's how you succeed.

Joe: If you'd like to find out more about PAS Technologies they can be found on the web at PAS-Technologies.com or for information about the Global Lean Six Sigma and Business Improvement Summit that can be found at WCBF.com. If you'd like to download this podcast on your iPod, it's available at the Business901 iTunes store.

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What others say:

In the past 20 years, Joe and I have collaborated on many difficult issues. Joe's ability to combine his expertise with "out of the box" thinking is unsurpassed. He has always delivered quickly, cost effectively and with ingenuity. A brilliant mind that is always a pleasure to work with." James R.

Joe Dager is President of Business901, a progressive company providing direction in areas such as Lean Marketing, Product Marketing, Product Launches and Re-Launches. As a Lean Six Sigma Black Belt and a certified coach of the Duct Tape Marketing organization, Business901 provides and implements marketing, project and performance planning methodologies in small businesses. The simplicity of a single flexible model will create clarity for your staff and as a result better execution. My goal is to allow you spend your time on the **need versus the plan**.

An example of how we may work: Business901 could start with a consulting style utilizing an individual from your organization or a virtual assistance that is well versed in our principles. We have **capabilities to plug virtually any marketing function** into your process immediately. As proficiencies develop, Business901 moves into a coach's role supporting the process as needed. The goal of implementing a system is that the processes will become a habit and not an event. Part of your marketing strategy is to learn and implement these tools.