

# A Burning Platform for Change



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This complimentary presentation is one of several Abidian offers to help our clients better grasp the various lean, six sigma, and maintenance productivity improvement tools available. It's our hope the presentations give you an understanding of how Abidian and the tools might be used to improve the effectiveness of your organization. The presentation itself may be freely distributed and shared with others as long as no changes are made.



We're often questioned  
about the need ... especially,  
the immediate need ... for  
change

# When it comes to change ...

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Resistance may be  
a losing battle



# When it comes to change ...



You may not be able to ignore differences in the world around you

... much less successfully escape



We're not going to preach about tight margins, threats from the competition, or any of the other reasons you've heard ... over and over and over again



# No preaching ...



- Instead, we're going to share some data and observations
- The data are from the U.S. Department of Labor Bureau of Labor Statistics
- The observations are from the renown international financial periodical, *The Economist*

# The good news is we're at the top ...

United States	\$21.33
United Kingdom	17.47
Canada	16.02
Mexico	2.38
China	0.90



Source: Average Hourly Wages from the Bureau of Labor Statistics at the U.S. Department of Labor

# And the Bad News ...

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- “ ... Richard Freeman, an economist at Harvard University, reckons that the entry into the world economy of China, India and the former Soviet Union has, in effect, doubled the global labor force (China accounts for more than half of this increase).”
- “ ... The entry of China's vast army of cheap workers into the international system of production and trade has reduced the bargaining power of workers in developed economies. Although the absolute number of jobs outsourced from developed countries to China remains small, the threat that firms could produce offshore helps to keep a lid on wages.”

Source: *The Economist*

# Bad News continued ...

- “ ... China is already the world's biggest consumer of many commodities, such as aluminum, steel, copper and coal, and the second-biggest consumer of oil, so changes in Chinese demand have a big impact on world prices.”
- “ ... China has accounted for one-third of the increase in global oil demand since 2000 and so must bear some of the blame for higher oil prices. ... However, with China's oil consumption per person still only one-fifteenth of that in America, it is inevitable that China's energy demands will grow over the years in step with its income.”



Source: *The Economist*

# ... and yes, even more bad news

- “There is currently only one car for every 70 people in China, against one car for every two Americans. That implies a huge increase in oil demand, which could keep prices high for the foreseeable future ...”
- “China's ability to produce more cheaply has pushed down the prices of many goods worldwide, as well as restraining wage pressures in developed economies. For instance, the average prices of shoes and clothing in America have fallen by 10% over the past ten years — a drop of 35% in real terms.”
- “China's growing influence stretches much deeper than its exports of cheap goods: it is revolutionizing the relative prices of labor, capital, goods and assets in a way that has never happened so quickly before.”

Source: *The Economist*

# ... and the really bad news

Despite average wages of an equivalent \$0.90 an hour in the industrialized parts of China ... “some 800 million Chinese, or 60% of the population, live in the countryside, averaging less than \$1 a day in income” ... by comparison, the estimated population of the entire United States is about 300 million



Source: *The Economist*

# Two Kinds of Budgets



- Early in my career as a young supervisor, it was explained to me there were two kinds of budgets that affect profitability
- The first budget is the one we use for training, supplies, maintenance, chemicals, and the like
- The second is for salaries, wages, and benefits



To the extent there's  
a problem in the first  
budget, we're often  
told to take it out of  
the second ...

Given the two budgets  
and our druthers, most of  
us would probably prefer  
to cut inefficiencies and  
unproductive steps from  
our processes ... rather  
than heads



# When it comes to improving efficiencies ...

The successful  
implementation of Lean,  
Six, Sigma and  
Maintenance Excellence  
have a well documented  
sensational track record

## **Dramatic Results Seen**

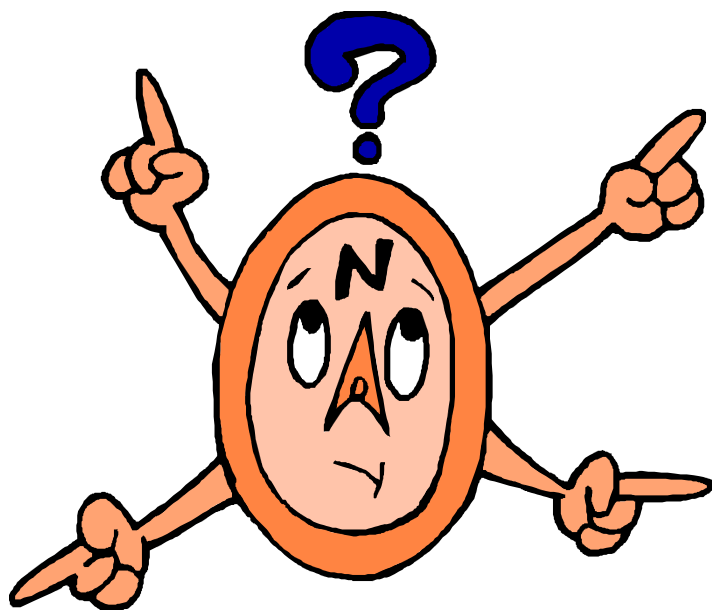
- 25% Reduction in costs
- 50% Productivity increase
- 90% Reduction in lead time
- 60% Customer complaint reduction
- 80% Reduction in inventory
- 90% Quality improvement
- 90% Reduction in changeover time
- Elimination of the words "*we can't*"



**Six Sigma Saves a Fortune:**  
Six Sigma has saved Fortune  
500 companies over \$427  
billion since 1987 ...

I congratulate you on  
taking a step in  
learning how to be  
more efficient and  
productive!





Questions? Comments?  
... or looking for help  
to get started?

Contact Abidian today. You can reach us  
at 843-536-0942 or [info@abidian.com](mailto:info@abidian.com).

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