



January 21, 2008  
Volume 7, Issue 04

# LEAN THOUGHTS

**Richard Kunst**

Tel: 519 841 0150

E-mail: [rkunst@kunstartofsolutions.com](mailto:rkunst@kunstartofsolutions.com) Web: [www.kunstartofsolutions.com](http://www.kunstartofsolutions.com)

## **An Industry Died this week and you probably did not even notice**

Many of you probably know that I started my career in the entertainment industry as Director of Operations for WEA (Warner, Electra, Atlantic) starting in the late 70's. We were the bridge between converting art to business ... well this week was the unofficial end of manufacturing in the entertainment business.

During the high-tech show Apple released Apple TV with contract agreements with every major studio. This may not sound like much too many ... but this is the end of DVD machine manufacturing business, the production of DVD's, and the retail storefronts of Video Rental stores. I-Tunes has already made a huge impact on the music business and will continue to make a larger impact as we see more and more physical storefronts closed.

What makes this news scary is while still employed at Warner Brothers we attended a session in California to listen to a futurist speak about the roadmap of the entertainment industry for the next 40 years. The scary part is that he only missed his prediction by a few months ... let us revisit the historical journey. So in 1976 here is what he said ...

- 8 tracks are dead
- Albums will be replaced by a new format that digitally records music on a much compressed format ... called a CD.
- The war between Beta and VHS is mute, VHS will win for awhile.
- Manufacturers of machines will never cooperate with studio to eliminate recording or duplication ... it is what the consumer wants and will continue to make security overrides on anything a studio will introduce.
- CD quality will be enhanced to enable it to capture video media
- All physical media transfer items will be obsolete by 2010 replaced with electronic chips that can record and store hundreds of hours of pre-recorded entertainment.
- Customers will purchase songs ... not albums making the challenge for artists more difficult.

That is what he stated ... remember, the Apple 2 computer was just emerging, the inter-net was not alive yet ... and a fax machine using an acoustic coupler was 5 grand. So here goes ...

Bright-eyed and bushy tailed we entered the excitement of being in the entertainment industry. Our first day we saw the production of the last 8-track tape being made ... I think it Captain & Tennille and Muskrat Love ... but no problem we were still producing lots of albums. My boss at that time told me to forget whatever I had learned about forecasting, scheduling and any other formal production methodology. The objective was quite simple ... once the Chum chart was released on Wednesday ... for every point jump in the charts have an extra 100,000 units in stores across Canada by Saturday. Good-Bye warehouses and hello air freight.

Soon, Sony introduced the Walkman which made music more portable with the use of cassettes. The industry had horrible duplication copying capability, so new equipment, standards and technology were employed ... we saw the business of pre-recorded cassette sales grow from 5% to 50%. This made a significant blow to manufacturing ... album presses were being idled while cassette recording units were being implemented. The biggest impact was on the printing side of the business ... an album required 2 square feet of printed surface a cassette a 1/2 a square foot in total ... a 75% reduction in capacity required.

### **LEAN CONSORTIUM MEMBERS:**

- ACE Bakery
- CGL
- CTS Canada
- EATON Cutler Hammer
- KRAFT
- LA-Z-BOY- Residential
- MESSIER-DOWTY
- MORRISON LAMOTHE
- ORENDA
- NESTLE WATERS CANADA
- STACKPOLE



Where “Lean Thoughts”  
Become Reality



The printing side of the business scrambled to re-invent themselves ... some prospered to become very respected in new business sectors ... other just died.

During this time Warner Home Video came into being ... working with local contractors to build duplication studios ... we just had the silly bugger stuff between whether the studios wanted to keep intellectual control of media content by only allowing the rental of videos and strict quality control of the media. This was a boon to the print side of the business and breathed some new life into them for awhile. Also, most video rental stores were owned by airline pilots.

Back at the office we were in awe of a new emerging technology the CD. My first play-back machine cost 5 grand ... but had great sound correction capability which we tested by putting holes in our sample CD's and playing them without a dent. I remember Eddie Van Halen being in town and saying that the romance of music recording had ended and the sterile digital era had started.

Soon album production was idled, cassette production stopped and all efforts were placed behind CD production ... with a facility in Canada being still one of the dominant NA suppliers of CD's, DVD's etc.

Haunted that the demise of manufacturing in the entertainment industry was dyeing I shortly left the industry after the start-up of the CD plant.

But history continued ... the I-Pod and MP3 players have entered our worlds. We can purchase a song at a time ... and now Apple TV has arrived.

Good Bye Blockbuster and Net Flicks ... you may still give us a few last gasps but you are dead ... along with a lot of jobs in a Value Stream that has now totally become electronic.

So we were doing Lean before we even knew about Lean ... does this mean Lean is in jeopardy also?

**Contact me if you need coaching or facilitation help in the areas such as but not limited to; 5S, Value Stream Mapping, Set-up Reduction, Problem Solving or Policy Deployment and Consortium Development**



**A carrot, an egg, and a cup of coffee...You will never look at a cup of coffee the same way again.**

A young woman went to her mother and told her about her life and how things were so hard for her. She did not know how she was going to make it and wanted to g! Give up; she was tired of fighting and struggling. It seemed as one problem was solved, a new one arose.

Her mother took her to the kitchen. She filled three pots with water and placed each on a high fire. Soon the pots came to boil. In the first she placed carrots, in the second she placed eggs, and in the last she placed ground coffee beans. She let them sit and boil; without saying a word.

In about twenty minutes she turned off the burners. She fished the carrots out and placed them in a bowl. She pulled the eggs out and placed them in a bowl. Then she ladled the coffee out and placed it in a bowl. Turning to her daughter, she asked, "Tell me what you see."  
"Carrots, eggs, and coffee," he replied.

Her mother brought her closer and! Asked her to feel the carrots. She did and noted that they were soft. The mother then asked the daughter to take an egg and break it. After pulling off the shell, she observed the hardboiled egg.

Finally, the mother asked the daughter to sip the coffee. The daughter smiled as she tasted its rich aroma. The daughter then asked, **'What does it mean, mother?'**

Her mother explained that each of these objects had faced the same adversity: boiling water. Each reacted differently. The carrot went in strong, hard, and unrelenting. However, after being subjected to the boiling water, it softened and became weak. The egg had been fragile. Its thin outer shell had protected its liquid interior, but after sitting through the boiling water, its inside became hardened. The ground coffee beans were unique, however. After they were in the boiling water, they had changed the water.

Think of this: Which am I? Am I the carrot that seems strong, but with pain and adversity do I wilt and become soft and lose my strength?

Am I the egg that starts with a malleable heart, but changes with the heat? Did I have a fluid spirit, but after a death, a breakup, a financial hardship or some other trial, have I become hardened and stiff? Does my shell look the same, but on the inside am I bitter and tough with a stiff spirit and hardened heart?!

Or am I like the coffee bean? The bean actually changes the hot water, the very circumstance that brings the pain. When the water gets hot, it releases the fragrance and flavour. If you are like the bean, when things are at their worst, you get better and change the situation around you. When the hour is the darkest and trials are their greatest, do you elevate yourself to another level? How do you handle adversity? Are you a carrot, an egg or a coffee bean?

2008 Consortium Event Schedule



Tour Workshop Conference

January	February	March	April	May	June
<p>T</p> <p>Wednesday 16 <u>Eaton Electrical</u>, contact Joe Fisher, <a href="mailto:JoeRFisher@eaton.com">JoeRFisher@eaton.com</a></p>	<p>T</p> <p>Wednesday 13, <u>ACE Bakery</u>, contact Cindy Grolleman, <a href="mailto:cgrolleman@acebakery.com">cgrolleman@acebakery.com</a></p>	<p>T</p> <p>Wednesday 19, <u>Nestle Waters</u>, contact Mariela Castano <a href="mailto:mcastano@perriergroup.com">mcastano@perriergroup.com</a></p>	<p>T</p> <p>Wednesday 16, <u>CTS Corp.</u>, contact Bob Garces, <a href="mailto:Bob.Garces@ac.ctscorp.com">Bob.Garces@ac.ctscorp.com</a></p> <p><b>Consortium Shareshowcase</b></p> <p>Saturday 05 <u>Eaton Milton</u>. Contact Cindy Grolleman <a href="mailto:cgrolleman@acebakery.com">cgrolleman@acebakery.com</a> or Joe Fisher <a href="mailto:JoeRFisher@eaton.com">JoeRFisher@eaton.com</a></p>	<p>T</p> <p>Wednesday 14, <u>Stackpole CSD</u>, contact Don Barber <a href="mailto:Don.Barber@stackpole.ca">Don.Barber@stackpole.ca</a></p>	<p>T</p> <p>Wednesday 18, <u>Morrison LaMothe</u>, contact Tony Vita <a href="mailto:tvita@morrisonlamthe.com">tvita@morrisonlamthe.com</a></p>
July	August	September	October	November	December
		<p>T</p> <p>Wednesday 24, <u>Kraft Foods</u>, contact Hanif Jivraj <a href="mailto:hjivraj@Kraft.com">hjivraj@Kraft.com</a></p>	<p>T</p> <p>Wednesday 08, <u>CGL Manufacturing</u> contact Dave Deskur <a href="mailto:daved@cglmfg.com">daved@cglmfg.com</a></p>	<p>T</p> <p>Wednesday 12, <u>Messier-Dowty</u>, contact Mike Smith <a href="mailto:Mike.Smith@Messier-dowty.on.ca">Mike.Smith@Messier-dowty.on.ca</a></p>	<p>T</p> <p>Wednesday 10, <u>Orenda</u>, contact Brenda McIntosh <a href="mailto:brendamcintosh@orenda.com">brendamcintosh@orenda.com</a></p>