

Eaton Corporation



Steve Blanco
Vice President, Manufacturing
Electrical Sector
Making a difference in Manufacturing



© 2010 Eaton Corporation. All rights reserved.

Powering Businesses worldwide for nearly 100 years



- Founded in 1911 by J.O. Eaton
- World Headquarters in Cleveland, Ohio USA
- Regional Headquarters in Shanghai, China; Morges, Switzerland; Sao Paulo, Brazil
- Innovation Centers in the USA, China and India
- Customers in more than 150 countries
- 2009 sales of \$11.9 billion, 55% of sales outside the U.S.
- Approx. 70,000 employees
- Chairman & CEO –Alexander M. Cutler



© 2010 Eaton Corporation. All rights reserved. 2 2

Eaton is a global leader across the power management spectrum

We provide reliable, efficient and safe power management for...



Cities & Buildings Industrial & Machinery Information Technology Transportation Infrastructure Energy & Utilities



© 2010 Eaton Corporation. All rights reserved. 3 3

The Eaton power management advantage



- Building more energy-efficient buildings, communities and infrastructure.
- Accelerating the development of renewable energy technologies.
- Powering mobile and stationary equipment more productively and safely, while reducing their environmental impact.
- Designing eco-efficient aircraft systems that reduce fuel consumption and operating costs.
- Improving fuel economy and reducing emissions in autos, trucks and other essential forms of transportation.



© 2010 Eaton Corporation. All rights reserved.

4

4

Eaton's commitment to sustainability gives businesses a sustainable advantage



- Strong financial record and history
- Leadership in environmental practices
- Commitment to ethics, social responsibility
 - One of Ethisphere Magazine's "World's Most Ethical Companies," 2007, 2008, 2009 and 2010
 - Ranks in top 10 percent of Newsweek's Green Rankings 2009 and third in general industrial category
 - One of CRO (Corporate Responsibility Officer) Magazine's "100 Best Corporate Citizens" 2007, 2008 and 2009
 - Foreign Investment in China Magazine's "Most Committed Multinational Award" 2008



© 2010 Eaton Corporation. All rights reserved.

5

5

Eaton's Industrial Sector is a leader in the management of mechanical and fluid power

Aerospace 2009 Sales \$1.6B	Hydraulics 2009 Sales \$1.7B	Truck 2009 Sales \$1.5B	Automotive 2009 Sales \$1.2B
--------------------------------	---------------------------------	----------------------------	---------------------------------



- | | | | |
|---|--|--|---|
| <ul style="list-style-type: none"> • Hydraulic Systems • Conveyance Systems • Electrical, Sensing and Controls • Fuel Systems | <ul style="list-style-type: none"> • Power and Motion Control • Fluid Conveyance • Filtration | <ul style="list-style-type: none"> • Transmissions <ul style="list-style-type: none"> • Heavy Duty • Light / Medium Duty • Clutch • Hybrid | <ul style="list-style-type: none"> • Valvetrain • Supercharger • Fluid Connectors • Fuel and Powertrain • Torque Control |
|---|--|--|---|

\$6.0B portfolio of Industry leading businesses



© 2010 Eaton Corporation. All rights reserved.

6

6

The Electrical Sector delivers a broad array of power solutions through a regionally focused organization

Power Distribution



Power Quality



Control and Automation



Services and Aftermarket





Americas
\$3.4B

- United States
- Canada
- Latin America



Rest of World
\$2.6B

- Europe, Middle East & Africa
- Asia Pacific

\$5.9B global business positioned to lead regional markets



© 2010 Eaton Corporation. All rights reserved.

7

Well known product names

- Recognized around the world for quality and innovation
- Preferred by many manufacturing and industrial organizations on every continent



Aeroquip	Holec
Airflex	Hydro-Line
Argo-Tech	MEM
Bill	MGE Office Protection Systems
Boston	Moeller
Carter	Powerware
Char-Lynn	Roadranger
Cutler-Hammer	Santak
Eaton	Synflex
Elek	Vickers
Fuller	Walterscheid
Golf Pride	Weatherhead



© 2010 Eaton Corporation. All rights reserved.

8

Making a difference in Manufacturing

Engaging the workforce through **Senior Kaizen Events**







© 2010 Eaton Corporation. All rights reserved.

9

Eaton and Lean ...

- ❖ Continuous Improvement philosophy
- ❖ A business system
- ❖ A way of managing
- ❖ Tools to help “see” waste
- ❖ Improvement tools




© 2010 Eaton Corporation. All rights reserved. 10

But... if Lean isn't mature, there can be higher anxiety from employees

How do I work in a lean environment?


What does lean mean to me at an execution level?



What prevents us from sustaining improvements?

What do I look for on the shop floor?


What exactly am I supposed to do?



© 2010 Eaton Corporation. All rights reserved. 11

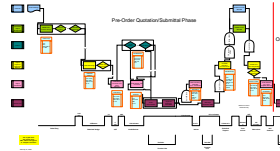
Which can lead to inconsistency ...

- Implementation of lean is **not always sustained**
- Lean is often **“pushed”** on the processes vs. “pulled”
- Lean is seen as an **extra item** we do vs. how we do our work
- Leadership jobs are **not standardized** or gemba focused
- Lack of **team engagement / understanding** can derail progress



© 2010 Eaton Corporation. All rights reserved. 12

How to unlock employees' potential in Lean



© 2010 Easton Corporation. All rights reserved.

13

13

Senior Kaizens can make a difference

Key Points...

- ✓ Aligns resources for big moves in performance in priority areas
- ✓ Led by business leaders & facilitated by lean practitioners
- ✓ Targets plants / product lines with strategic impacts
- ✓ Drives urgency, execution and verification
- ✓ On-site event with substantial pre-work and additional follow-up activities



© 2010 Easton Corporation. All rights reserved.

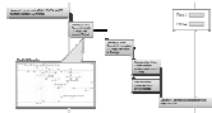
14

14

Senior Kaizen Approach

PRE-WORK

- **Confirm Business Case** – Scope / Objectives / Metrics
- **Senior Sponsor Buy-in / Agreement**
- **Current State Analysis**
 - Performance analysis (Safety, Quality, Delivery, Cost, etc)
 - On-site Gemba walks
 - Confirm VSM validity (up-to-date, cross functional, etc)
- **Form kaizen team**
 - Champions (Business & Functional)
 - Facilitators
 - SME's as required



© 2010 Easton Corporation. All rights reserved.

15

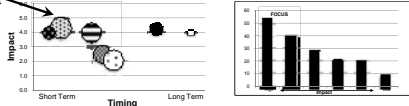
15

Senior Kaizen Approach

ON-SITE

- **Full Team Engagement** (entire event)
- **Structured/ Disciplined Kaizen approach**
 - Team gembas
 - Problem solving
 - Prioritized corrective actions
 - Implement DURING event, where possible
- **Establish Post Event routine of reviews**
- **Summary report**

Focus on High Impact / Short Term



© 2010 Eaton Corporation. All rights reserved.

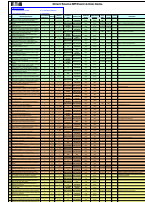
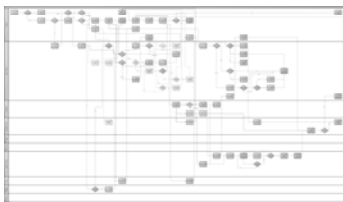
16

16

Senior Kaizen Approach

POST WORK

- **Standing routines of review**
 - Participants incl. Sponsor, champions, core team members
 - FOLLOW UP of open issues to closure
 - Review metrics/ confirm effectiveness of actions



© 2010 Eaton Corporation. All rights reserved.

17

17

Senior Kaizen... Our Results

- ✓ Senior managers that see the value of being more engaged and knowledgeable in the lean activities to drive change in their business
- ✓ Prioritized improvement actions in high impact and strategically important areas
- ✓ Rapid implementation of the identified high impact / short term actions
- ✓ Disciplined approach to follow up
- ✓ Increased employee engagement with professionals and operators recognizing the value of Lean AND their roles



© 2010 Eaton Corporation. All rights reserved.

18

18

Reflection...
 WIIFM– The “Me” perspective in a Lean environment...

CONTINUOUS IMPROVEMENT

I have an avenue to achieve a competitive advantage while making my facility a safer and better place to work.

SUSTAINED STANDARDS

Standardization promotes predictability. Informed decisions are easier to make when standards are in place.

ACCOUNTABILITY

I know what I am responsible for and there is a clear understanding of who is responsible for each activity.

VISUAL CONTROLS

Visuals are in place to help me identify abnormal conditions and allow everyone to easily know the “score” at all times.



GEMBA

I regularly go to “where the action is” and learn from the TEAM.

TEAMWORK

There is no confusion because we (leadership, staff, engineers, operators, etc) all pull in the same direction.



© 2010 Easton Corporation. All rights reserved.

19

19

REFLECTION:

- Prioritize.... Understand where your major needs are, and address them....
- Big or Small, Kaizens can help you accelerate improvement
- No matter what your role, engage your team
- The optimist says... “None of us is as smart as all of us.” ~ Ken Blanchard
- “It’s not what you can do, it’s what you can get done.” ~ Sir John Dorman



© 2010 Easton Corporation. All rights reserved.

20

20

