

PERFORMANCE — QUEST — INTERNATIONAL

INSIDE RUSTAD: People and Processes

WHAT WOULD YOU DO?

One day you wake up, read the morning paper, and discover that the company you work for has just been sold.

What would you do?

What if the sawmill you worked at hadn't been making money because of old equipment and the resulting lack of productivity?

NEW DAWN

In early 2000, everybody at Prince George's Rustad Sawmill thought they heard the axe falling. Instead of baring their necks and waiting for the end, the workforce at Rustad tried something different.

"I had just been hired as General Manager and now the rumors were flying about a long shutdown," states Pat Donnelly. "It didn't look good."

"So we decided we weren't going to lie down."

"We decided we'd do whatever we could to improve every aspect of the mill."

NEW PLAN

Donnelly hired Performance Quest International (PQI - Formerly CEM) to complement his plan of attack.

"Management styles like the one espoused by Pat Donnelly and Colin Parsons were not exactly the norm at Rustad," says PQI.

Production Superintendent Colin Parsons was one of the first people Donnelly hired. "We took a chance on someone with an MBA and limited production experience," says Donnelly. "But it turned out well."

Parsons points out that Rustad employees were hard working, but they lacked formal processes.

"In fact," says Parsons, a former management consultant turned production superintendent, "as management we weren't really management."

WHAT IS A GOOD DAY?

"Oh, we had lots of pride," continues Parsons. "Tons of work ethic. But we lacked

formal management skills. For example, in the planer mill, we didn't have the tools to know whether we'd had a good day."

"One of the first things we did was engage Daniel Miller's team to create software in order to measure key performance indicators," adds Parsons.

According to Miller, "when workers got feedback, literally receiving a score for their performance, they started becoming involved. "

"They began coming to management with issues they wanted to see resolved."

QUICK RESULTS

"Things started changing very quickly," says Donnelly.

"Senior managers like Rick Ross and Colin Parsons began looking for areas of improvement and creating processes to maintain our momentum."

Parsons states that, "it is an emotional thing to watch people become more accountable, more confident and more demanding about excellence. But we'd be nowhere without our systems and processes."

"Rustad is my family," says Sawmill Production Foreman, Kevin Miese.

"My father and brothers have all worked here. I have been here since the age of 15. We've added a lot of structure and processes in my 19 years here."

"We were at the bottom of Canfor's 13 sawmills. Now we're in the top three," adds Miese.

"That makes me proud."

MORE CHALLENGES

Now Rustad is once again facing pressure. But they've proven something to themselves:

According to Rick Ross, "with old equipment and very little capital investment we've shown that a 30% productivity gain is possible when you involve people and create continuous improvement processes."

"We've had some big wins here," says Donnelly. "After awhile it becomes a habit, and you feel you can face anything. We formalize these habits and make them measurable processes."

Many organizations fold under pressure. Rumours of lay-offs, shutdowns, and cuts--these

things can really hurt morale and the bottom line.

The people at Rustad--from top to bottom--decided to roll up their sleeves and fight back.

How did they do it?

IT STARTS FROM ABOVE

After 19 years on the job, Kevin Miese has seen a lot. He believes that management above him has changed the most:

"Before--we were ruled. Now--we feel responsible."

"When things got tough, and we were fighting for survival, every person here rose to the challenge."

When asked how his job has changed, Miese replies, "I've learned to understand people a lot better."

"God didn't create us all equal. Everybody has his or her own way of working."

"The days of yelling and screaming are long gone. I feel more like a coach now."

TOOLS INCREASE PRODUCTIVITY

Rick Ross, Maintenance Superintendent, understands how safety impacts morale.

Ross began using Miller's software tools to develop a safety program based upon regular training. In 2000, Rustad achieved a record year in terms of safety.

"When I first arrived," adds Ross, "we had electrical supervisors and millwrights willing to patch things, but there were no priorities, no work orders, no preventive maintenance plans."

"Now we've got log books, issue sheets, we track our work, and so now we've developed a history. We know what to do. We don't run around with 'to do' lists in our pockets."

"Those days are over."

COMPUTER REVOLUTION

Before Donnelly's arrival, most of the Rustad's workforce did not use computers. Today there are handhelds in shirt pockets with laptops and desktop computers in sight everywhere.

Production Foreman Kevin Miese uses email to communicate with management.

"When I have an issue of concern, I can choose to email it. This saves time and tracks the issue under discussion."

"Before '98, I could barely find the 'on' switch. Now it's nothing for me to create spreadsheets and utilize web-based applications," adds Miese.

"Preventive maintenance systems and electronic log books have led to huge wins in terms of employee involvement," states Ross.

"Miller Software has been an important part of the picture."

CUSTOM SOFTWARE

"We've build over 40 tracking tools and management systems for Rustad," says Daniel Miller.

"Sawmill production reporting, kiln performance tracking, first aid incident tracking, planer production tracking, sorter production tracking, Synergen safety systems integration--these are just a few of them."

According Ross, "before, we did not have any understanding of the budget. Now we break down the fiscal calendar by the week. We can plan, trim overtime, and reduce costs by only ordering the parts we need."

Ross continues, "Miller has helped us create a state of the art system. The guys that

use it, run it, and do the work."

"At the end of the day, people become self-sufficient. They feel accountable and responsible."

Processes have led to further fine-tuning, which has fostered advances in measurement and tolerances. Rustad utilizes laser measurement, self-oiling systems, and team process to keep costs low.

"We have the second lowest costs at Canfor," says Ross.

RADIOS ON

A few years ago the maintenance crew went on high alert every time they heard the siren.

"We'd go running and then we'd run back to get our tools. The yard is big. Sometimes we'd waste 30 minutes going back and forth," says Millwright Apprentice Brad Johnson.

"We have radios now. Today, things are different."

THE OILER

Brad Johnson has been at Rustad for 17 years. His work as an "Oiler" is nothing short of extraordinary.

When asked about management changes, he points out that "Pat likes to involve people. He wants to make certain the guy at end of the line gets the information first hand."

"Before we were called in for a small part of the job. Now, we see something through from start to finish. That makes a big difference." One of the things that Johnson has noticed at Rustad "is that are no more big repair jobs to do anymore."

Why is that?

PM

Through scheduled preventive maintenance (PM) systems that Johnson himself helped develop, Rustad sees far less downtime than ever before.

"We take care of the small jobs, the belts and the chains- basically, we catch stuff before it breaks down," says Johnson.

"We catch that bearing before it causes the shaft to snap and then the machine to break."

INNOVATION

Before, Oilers like Johnson would have to cart around oil barrels on a pallet with a forklift and then take out the pails and jugs to deliver the oil.

It was all done by hand.

Today oil is delivered through pipes and pumps to exactly where it is needed.

"We've installed plumbed-in oil misters. I haven't seen that anywhere," says Johnson.

Plumbed in hydraulic lines and plumbed in oil lines are important Rustad innovations, but what is more significant is that Johnson is an hourly worker.

Why does he go the extra distance?

THE FINAL WORD

"I believe in making things happen for yourself," says Johnson. Rick gives me a lot of leeway. I love change. I love making things happen."

"Employee involvement is the key to success," repeats Donnelly. Men like Brad make Rustad a great place to work."

"Improved management practices drive innovation and improvement, says d'Ailly. The folks at Rustad have a lot of confidence in themselves."

"Wouter confirmed, reinforced and refined our managing skills. He helped us find a way to win," says Ross. "And now these wins are ours. It's all been internalized."

"Things have changed," adds Johnson.

"This isn't a job for me. It's a career. I care about what I do. I take it personal. I push myself quite a bit.

"One day last September," comments Parsons, "the company announced 40 shutdown days. It was a tremendous blow."

"And you know what? The next day they came back, and they broke a production a record. I

ask you. Who wouldn't want to work here?"

Pat Donnelly stares out his corner office window at the Rustad yard. It's starting to drizzle outside. He's got a quiet smile on his face. Today's sawmills must compete with the best in the world. But he looks ready.

"You work together and get people on your side and amazing things can happen," says Donnelly. "I see it every day."

