

18th Annual North American Supplier Conference

May 18, 2017

“Growth Through the Pursuit of Quality”

Presented by
David Martin Stevens
Senior Vice President

Greetings! And many thanks!

Thank you for joining us today.

Please know that we appreciate you and your Associates.

Today - Please:

- **Listen carefully.**
- **Take what you hear back to all of the Associates at your companies; especially those actually making our parts.**
 - **Tell them thanks for their good work and support.**

Thank you for being part of our team. Enjoy the day!



Antitrust Compliance



American Mitsuba is committed to conducting business in full compliance with the Antitrust and Competition laws.

- **The purpose of this Supplier Conference is to improve the business relationship with our Suppliers by communicating the current challenges of our industry, outline our expectations and provide recognition for your efforts in supporting American Mitsuba Corporation.**
- **Please refrain from any discussion about current or future pricing, payment terms, credit terms, business strategies, trade secrets or confidential information of your company and products.**
- **As I like to say, “Do right, all the time, and you won’t go wrong.”**

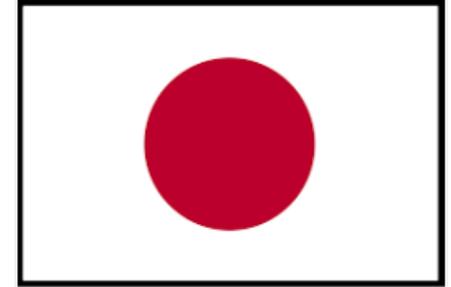
Thank you.

Today's Attendance

- Total number of people attending: 139
- Total number of companies attending: 71
(5 Mitsuba Sister Companies)

Mitsuba Group Company Attendees

Mitsuba Corporation Japan (MCJ)



- **Shigeo Sekita**

Managing Officer, Chief of Purchasing, Information Systems

- **Tsuyoshi Kitaoka**

Purchasing Manager

Mitsuba Group Company Attendees

Mitsuba M-Tech Vietnam Co., Ltd. (MMVC)

- **Yuichi Takashima**
Deputy General Director



Mitsuba Automotive Parts Indonesia (MAPI)

- **Mamoru Oi**
Director



Mitsuba Group Company Attendees

Mitsuba Philippines Corporation (MPC)

- **Tomohiko Sakuma**

Production Planning Control Manager MPC1/MPC2



Today friends, I have things to say that you will absolutely want to hear and learn.

As I say frequently to our Associates, **“This is what we do, and we do it very well. And, not but, there is room for improvement everywhere.”**

**NEVER GET TOO
COMFORTABLE
THERE'S ALWAYS
ROOM FOR
IMPROVEMENT OR
REPLACEMENT.**

PictureQuotes.com

All of us in this room and in our companies get to continually improve our craft. It is a privilege and honor to do so with you.

Indeed, each of us can influence our environments for better quality.

This is a challenging industry. But every challenge has in it the opportunity for improvement. That is the pursuit of quality.

So let's get started!

First, Quality Basics 101

“The customer has a right to receive good quality parts every time.”

- Right?!
- And how do you do that? It is not easy.
- But it is not rocket science either.
- It is manufacturing science.

Good quality parts start with good design!

Good design of the:

- Parts - Design Failure Modes and Effects Analysis (DFMEA)
 - Design for manufacturability and customer ease of use.
 - In VA/VE ideas.
- Machines, equipment and tooling (Machine FMEA)
- Manufacturing processes (Process FMEA)

- Support processes (Process FMEA). Yes, you can use PFMEA for any process. The PFMEA asks what are the possible failure modes in a process, what would the effect of those failures be, and how to prevent them. Try it with your support functions.

Next, to get good quality parts, we need good quality and continuously updated:

- Control Plans (Fed by PFMEA's and print specifications)
- Work instructions – with pictures, visual aids, boundary samples, etc. The operator does not usually see the Control Plan or PFMEA, so the WIS must be correct and reflect them.
- Quality Check systems:
 - Measure the right things.
 - Have documented response systems when out.

Good:

- Outflow prevention:
 - We all know you can't inspect quality into a part after it is made.
 - But, If your processes are not always stable, capable, and in control, you must also have layers of quality verification to avoid poor quality outflow to your customers.
 - We all hate it and know it is not value added, but you and we cannot let bad parts get to our customers. Please.

Good:

- Preventive maintenance. TPM programs and actions. Many times inadequate TPM is the cause of quality problems. (Predictive, preventive, productive)
- Purchased materials and components. The same disciplines apply.

Good:

- Knowledgeable Associates. You can have all the other systems perfect, but if you don't have knowledgeable Associates you won't make quality parts every time.
 - New Associates frequently. Temps. Everyone, everyday must have the tools and training to do a quality job every time.
 - Fix WIS that are incorrect.
 - Training tools and training the operator – transfer understanding to them timely. Reduce their learning curve.
 - Expats – train and level up local Associates and Managers.

Good knowledgeable Associates ...

- “Transferring Knowledge plus Skill = Mastery.”
Carrie Van Daele
- Use Train the Trainer. I recommend Carrie Van Daele. Ft. Wayne, IN.
 - <http://www.learnt3.com/>
 - The T3 System is a proven training workshop that will certify your trainer's on how to train adult learners in your company.



Already have stable quality?

What about Quality Improvement?

- “Quality Planning and Quality Control only keeps quality at the planned levels. We must take deliberate, specific actions if we wish to improve the process.
- Deming pointed out years ago “putting out fires in a hotel doesn’t make the hotel any better”. “Putting out fires is not an improvement in the process”. Neither is discovery and removal of a special cause detected by a point out of control. This only puts the process back to where it should have been in the first place.

Quality Improvement ...

- The quality improvement process is directed at long-standing performance levels. The quality improvement process questions whether this is the best that can be attained.”
- Again, we should all work at stabilizing and improving quality as we pursue outstanding and competitive quality in your business. You are in good company.

- All of these steps and more are part of Advanced Quality Planning. Do it well.
- When you receive a link to these presentations, please use it for your entire management / serving leaders team. Have them read and peruse my presentation and others.

Second:

Strong **Serving Leaders** best impact the company culture to achieve quality excellence.

Everyone benefits when leaders improve.

There is great value and reward for working and living in a culture of:

- Honor
- Respect
- Humility
- Integrity

That has a culture of SERVING LEADERS in every level of the company.

- Serving leadership is not just being nice.
- How do these modern leaders serve?
 - By being humble, truthful, visible, and accessible to **ALL** their people.
 - By genuinely caring about and developing their people.
 - By giving everyone useful and timely performance feedback.
 - By having focused performance expectations.
 - By practicing accountability – it is about coaching and developing people, our most valuable resource.
Accountability is not about punishment.

Why do I say and believe these things?

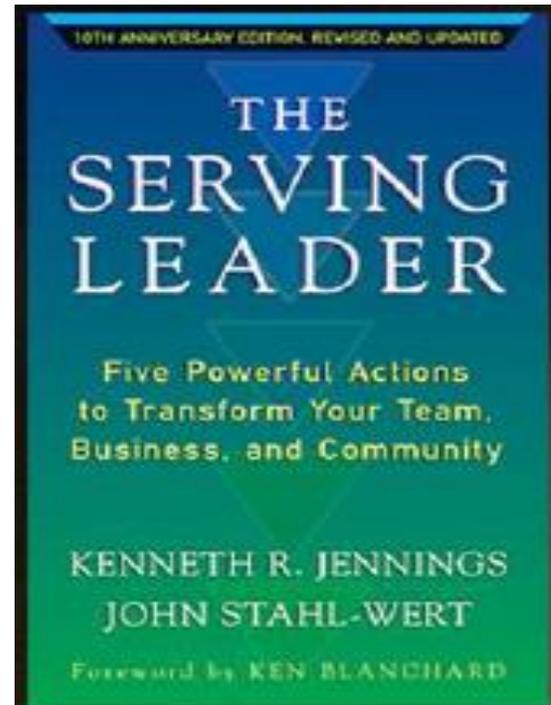
- Honor is the **KEY** to successful relationships.
- These are keys to a life well lived and a business well run.

What does honor, respect, humility, and integrity have to do with the pursuit of quality?

- **Everything!**

2017 Honda Lean Network Conference

Book: The Serving Leader - 5 Powerful Actions to Transform you, Your Team, and Your Community. By John Stahl-Wert and Ken Jennings. (Giving it to you to invest in your leadership.)



The research that resulted in the book “Good to Great” by Jim Collins showed that the great performing companies had great leaders. No big surprise there.

But, the pattern of top performing leaders was somewhat of a surprise:

1. Humility (they were humble).
2. Integrity (they were honest, truthful, transparent).
3. They had an Intense Focus (on the right things and on measuring and doing the right things to be successful.)

When serving leaders saw problems?

They looked into a mirror – to themselves. They took responsibility.

- They did not Blame, Complain or Defend! BCD!
- BCD attitudes and actions never change anything for the better anyway. So, just choose to get rid of the accepted behavior of Blame, Complain or Defend in your life and in your company. It will make a huge difference.



Conversely,

When serving leaders saw successes?

They looked through a window - to their people.

They gave credit to the people.

They were humble and secure enough to not need praise for successes.

Recent Gallop Polls indicate: Associate/Employee engagement may not be as high as you think.

- You cannot make an Associate be fully engaged.
- They choose it, or not.
- But, you can do things to move people along towards full engagement;
- Just as you can do things to reduce their engagement.

Gallop Poll results:

- 29% Fully Engaged
- 54% Moderately Engaged
- 17% Actively Disengaged

Gallop Poll results:

- 29% Fully Engaged
- They are for you. They like you.
- They understand, believe and are aligned with your company values, vision and purpose.
- They are passionately on board with you and your passions.

Gallop Poll results:

- 54% Moderately Engaged
- Clock watchers – they clocked out of engagement.
- They quit, but did not leave the company.
- They may do satisfactory work, but they are not giving you 100% of their hearts and minds.

Gallop Poll results:

- 17% Actively Disengaged
- They are against you. They don't even like you. They don't respect you or your management team.
- Some are just angry and bitter about life or the company and may even be sabotaging you.
- Hopefully they are looking for another job – but probably not. Those kind tend to stick around until you do something about them or they choose to engage.

So, what does full Associate Engagement have to do with the pursuit of excellent quality?

Again, everything!

If all of your Associates (all of them) do not feel respected, honored and cared for personally as individuals, at work, they will experience low morale, and they will not produce excellent quality products or services all the time.

It is that simple.

Conversely

- If you develop a Corporate Culture that Drives Associate Engagement you **WILL** have a culture for Quality Excellence.
- We as leaders can improve the morale of our people by our leadership style and meaningful engagement with them.

“7 Fascinating Employee Engagement Trends for 2016” By David Mizne

People don't quit their jobs, they quit their bosses. It turns out that the opposite is true too. An inspiring manager creates more engaged teams. According to research by leadership development experts Dr. Brad Schuck and Maryanne Honeycutt-Elliott, “higher levels of engagement come from employees who work for a compassionate leader – one who is authentic, present, has a sense of dignity, holds others accountable, leads with integrity and shows empathy” <https://www.15five.com/blog/7-employee-engagement-trends-2016/>

Brian Mizne also “conducted an employee engagement study in 2014 and found that the vast majority of employees who received little or no feedback were actively disengaged. Engagement went up dramatically when employees received feedback about their weaknesses, and even more so when they received feedback about strengths.”

That is, timely feedback. This is called “high development, high purpose, and strengths-based coaching.”

So, what to do about it?

Assignments:

1. Be the serving leader in your sphere of influence. Your 20 sq. ft. +. All are leaders, not just the bosses.
2. Require all your people to be serving leaders.
3. Eliminate BCD: “Blame, Complain and Defend” from your company and personal culture. That alone could be a game changer. Can you imagine if everybody in your company, or your family, or your community, stopped blaming, complaining and defending? What a positive atmosphere that would be!

So, what to do about it?

4. Implement and/or improve your operating leadership philosophy to one of high development, high purpose and strengths-based coaching. (Not command and control.)
5. Talk to and listen to your people, frequently. About everything, not just work. Allow them to feel that they matter to you and their opinions matter to you.

So, what to do about it?

6. Get the book John Stahl-Wert wrote “The Serving Leader - 5 Powerful Actions to Transform you, Your Team, and Your Community.” Read it and pursue it with your people.
7. Intentionally become a lifelong learner of serving leadership and many other things. We all make better teachers when we embrace ourselves as students.

In summary,

Serve and lead with humility and greatness!

**That will ensure the pursuit of quality
excellence:**

- **from yourself**
- **your Associates**
- **your company**

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