



## Strategy to Reality

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### Turn your Strategy into Reality with TXM

Happy New Year and welcome to the first TXM E-newsletter for 2009. If you wish to discuss the topics further or are interested in how TXM can help your business, please don't hesitate to contact Tim Mclean on 0404 480 517 or email us at [info@txm.com.au](mailto:info@txm.com.au). You can also learn more about TXM and what we do by visiting our website at [www.txm.com.au](http://www.txm.com.au).

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## Front Line Leaders—the Key to Achieving Change in Operations

Several years ago I read some research that indicated that the average front line employee believes around 40% of what their manager tells them and about the same amount of what they hear from their union officials. However they believe around 85% of what they are told by their immediate supervisor. While I can't quote you the source of this research, my anecdotal experience is that front line supervisors are often the key to achieving change. So how can that influence be harnessed to ensure change is successful?

### Choose Team Leaders Carefully

A key start point is ensuring that you have the right people leading your teams. A good team leader needs to thoroughly understand the production process, be highly respected by his or her team and be motivated to improve the business.

### Start with the Path of Least Resistance

Avoid the temptation start lean with most conservative and obstructive team leaders. You need to be able to demonstrate that the new approach delivers results to get these skeptics on board. Look for "early adopters" and get success with them first before you go back to the skeptics (who by then should be less skeptical!).

### Develop Leaders for a New Role

Lean brings major changes to the role of a team leader. They move from expediting and "firefighting" to coaching and problem solving. This is a big and challenging change and can be very stressful. You need to support your team leaders through this change by one on one mentoring and feedback, training in the new skills and getting them out to see other businesses going through the lean journey.

### Listen to your Team Leaders

These are often your most experienced and loyal employees, so if they are raising concerns it is usually for the good of the business. Listen to what they have to say and be prepared to adjust your approach—as long as you can keep your core lean objectives intact.



*Above: Swan Hill steel door manufacturer, Larnec, are using the slowdown as an opportunity to re-layout their plant to achieve lean production flow.*

## Turning a Crisis into an Opportunity

The current economic slowdown is an opportunity to improve your business. Some good examples are:

### Invest in Product Development

The most profitable companies we see are those who design and build innovative products that their customers value. Start working on developing the next generation to keep your competitive edge.

### Improve Business Processes

When your business was struggling to keep up with customer demand, unable to find good people and facing raw material shortages, process improvement was often a low priority. Put some resource into improving the way you do things. This will position you for the next level of growth when the recovery comes.

### Develop your People

Take the opportunity to develop the skills of your team. Combine training with process improvement so that the business will see real results for the training dollar and your team will learn to practice their new skills in your work environment.

### Hire in Some Top Talent

Many companies are shedding people and this provides an opportunity for you to pick up key staff. One of our clients recently advertised a supervisory role for a small manufacturing plant and got dozens of high quality applications, many with lean experience.

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## Low Volume Lean

Lean Enterprise is a system of work originally developed for high volume production of automobiles at Toyota. So how can this be relevant to low volume custom manufacturers? In our experience many companies and many lean consultants struggle to translate the Toyota techniques to low volume or jobbing production environments. At TXM we have applied lean in several low volume jobbing environments. We have learned that with some small adaptations and the application of common sense, low volume manufacturers can gain as much benefit from the lean approach as mass producers.

### Map your Product Streams

Even in jobbing environments you will often find that a relatively small proportion of your work represents a very large proportion of your revenue and/or profit. Even if the products are completely different, providing they follow the same or similar routing through your plant it is likely that they will fit within the same lean product stream.

Regardless of your business we believe that a lean implementation should start by developing current and future state value stream maps of your key product streams. This will give you an overview of where the waste lies in your process and help prioritise where you focus your improvement efforts to get the greatest benefit most quickly

### Consider Engineering Processes

In jobbing environments it is common for engineering processes (design, programming etc.) to occupy a large part of the production lead time and the business' resources. It is therefore worth considering including these processes within the scope of your value stream map.

### Level the Workload

A key goal of lean enterprise is level production where all production processes produce at the rate of customer demand or Takt time. In very low volume environments (less than one unit per day) it may be necessary break production workload into "chunks" of one day's work or less. "Chunks" can be measured in units of labour or machine hours or by completion of subassemblies. You then level production rates across processes to provide an even rate of completion of these "chunks" of work. The objective is the same—to avoid the waste of overproduction caused by imbalances between processes.

### Create Flow

In many jobbing shops I have visited it is impossible to quickly see the status of jobs on the shop floor. Creating one piece flow where work flows directly from one step to the next without interruption can make the status of jobs clear and eliminate unpredictable waiting times between processes. Use standard work to break down tasks and ensure that no task takes longer than the rate of customer demand or takt time. Where you can not achieve one piece flow, a first in first out lane is a simple and effective tool to ensure that work flows through your shop at a constant rate and backlogs between processes are controlled.

### Reduce Setup Times

Long setups and large batch sizes inevitably lead to long lead times, high working capital and inflexibility. Use of quick setup techniques are vital in a jobbing shop to reduce batch size and ensure that you can quickly respond to customer demand. .

We find that lead time savings of more than 50% and productivity improvements of around 30% and a reduction of floor space of 30% or more are frequently achievable in low volume jobbing environments. The results include less "firefighting", better service to your customers, lower costs and improved and more consistent quality.

## Do you Know Someone Else Who Would be Interested in This Newsletter?

Feel free to forward this to your friends and colleagues and let us know their email address and we will add them to the distribution list for the next issue. Contact us at [info@txm.com.au](mailto:info@txm.com.au)



*Above: Geelong Boat Builder, Sykes Racing, custom build every boat and are recognized as the best quality in the world. They have adopted a flow production line in their new plant. This boat shown in production went on to win gold for Australia at Beijing!*