



Total EXcellence in Manufacturing

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Lean Daily Management - Leading your Lean Transformation

One of the fresh ideas introduced to the TXM team by our new Chinese Consultant, Tim Zhang, is the concept of Lean Daily Management (LDM). LDM brings together a range of foundation lean tools and processes to create a daily management system for front line leaders and line managers. The key elements of LDM are:

- Visual management including daily measurement of plant and work cell level KPIs.
- Structured daily problem solving using the TXM “Solving Problems Every Day”, (tm) methodology to quickly and effectively find root causes and address problems
- Simple, quick “stand up” meetings in the workplace to review KPIs, take action to resolve problems and ensure that improvement actions are completed and front line teams are getting the support they need.
- Management standard work where managers and supervisors have standard routines that ensure that they address problems and observe the factory floor every day.

Why is Lean Daily Management Important?

Often as managers and supervisors we get consumed by meetings and administrative tasks and loose touch with what is happening on our factory floor - where the value is created for customers. Lean Daily Management provides a structured process of leader standard work to ensure that managers and front line leaders observe shop floor performance and take action to address problems every day. By measuring performance daily at the work cell (or department) and plant level, leaders can find and respond to problems quickly rather than waiting for the end of the month to find out what is going wrong. It also encourages use of simple KPIs that can be measured directly by observation in the factory, rather than using complex ratios and measures that need to be worked out by a computer at month end.

Why is Lean Daily Management needed to Sustain Lean?

When we implement changes such as new lean tools we must ensure that we measure the results of these new processes and take action to resolve problems quickly. It is also very important for front line team members to see their leaders engaged in the process of change and providing support to make the change sustainable. Lean daily management is therefore a structured and time effective way for leadership to show support for the front line team and reinforce lean.



Above: Lean daily management at a TXM client in China

TXM News

TXM has a New Office In Melbourne

May saw the TXM team moving into a new office in the Carringbush Business Centre in Collingwood, Melbourne. Our new address is 211/134 Cambridge Street, Collingwood, 3066. Our other contact details are unchanged. The office provides an excellent central base for the TXM team and a venue to meet our clients within 5 minutes of the Melbourne CBD.

TXM at Austech 2010 a Great Success

TXM proud to be the only Lean Consulting Company represented at Austech 2010 exhibition in Sydney from May 11-14. The show demonstrated our commitment to the Advanced Manufacturing Industry in Australia. We made contact with over 100 manufacturing companies from across Australia and were able to share some of our insights and experiences.

Plenty Valley Food Cluster

TXM also appeared at a recent trade exhibition for the Plenty Valley Food Cluster. This organization brings together more than 100 food industry companies in Northern Melbourne. TXM showcased our extensive expertise in the food industry - where applying lean successfully requires a tailored approach and benefits from our industry knowledge.



Above: TXM Consultant, Michelle Brown, managed the TXM Stand at Austech.

Implementing an ERP System

In modern manufacturing, one of the biggest investments you will make will be a business management software system. This usually means implementing an Enterprise Resource Planning (ERP) system. Despite the high investment involved, we find dissatisfaction among users of these systems to be widespread and that they are often regarded as a “necessary evil” rather than a benefit to the business.

What is an ERP System?

At its most basic level business management system is a database that records the operational transactions of a business. Sales, production and inventory transactions are recorded and updated as production occurs. Usually the system will integrate directly with the accounts of the business reducing double entry of data and providing up to date accounting information. The system will also often record the costs of production jobs and generate key performance indicators for the business. Enterprise Resource Planning goes



Above: Kanban provides a simple and proven alternative to complex computer driven replenishment systems

several steps further and is designed to automatically convert a forecast of future demand into future requirements for production, work in progress, raw materials. It is important to note that, while your business might need an business software package (that is often called an “ERP” package), you may not need the actual ERP capability.

Why do Businesses Need Software?

Most businesses start with a simple accounting package such as MYOB. While these packages are easy to use and excellent value, they have limitations when handling an increasing volume of manufacturing transactions. Many processes end up being managed off-line in spreadsheets and a lot of data entry is frequently required to transfer operational data into the accounting system. Keeping track of costs and ensuring that products are made on budget is vital in manufacturing and requires a system to record the consumption of labour and materials against individual jobs and comparing those to budgeted amounts.

Will a Software System Improve Your Production Planning and On time Delivery?

Software will not improve how well your factory meets its customer needs. People improve customer delivery performance, not computers. If you have problems with planning and on-time delivery, just adding software will probably make it worse by automating the chaos! We recommend that companies first value stream map their production and supply chain processes to find the root causes of their delivery problems and then implement a future state map to fix these problems. Simple lean visual techniques such as kanban and load leveling boxes are usually more effective and responsive than complex computer based scheduling systems ([see our article Lean vs ERP](#)).

How do You Decide What you Need?

The first mistake many companies make is that they fail to work out what they really need, or particularly, what they don't need up front. As a result they allow the software providers to specify the modules that the business receives. There is an obvious conflict of interest here and means that most companies end up being sold systems that are more complex, capable and expensive than they need. Take the time to write down exactly what your problem is and what you want the software to do. If you don't need a module don't purchase it - you can always add it on later. If you get external advice, make sure the consultant is completely independent of any software companies. Like financial planning, trailing commissions are widespread in the software consulting business and will mean you may get the system the consultant wants you to buy rather than the one that is best for you. There is a bewildering array of packages on offer and price is not always a guide to quality and effectiveness. Therefore use your network and ask around. Industry groups can usually connect you up with non-competing manufacturers who will share their experience. Be clear what you want and take the time to select a product that is right for your business.

Getting the Implementation Right

The first rule of system implementation is the more complex the system, the harder it will be to implement. Therefore as mentioned above, avoid the software “upsell” and only go for what you need. Many systems are modular and allow you to expand the system as your business grows in size and complexity. Then make sure that the data that you put into the system is accurate. If your routings, bills of materials, customer and material data are wrong then the outputs of your system will also be wrong. It is possible that data you thought was accurate is out of date and is being “fixed” off line by your team, so take the time to check all your data to make sure it is accurate. Spend time on planning and make sure that you allow enough time and resources for the implementation. It is likely your business will need some form of business software such as an ERP package and we do meet companies who are happy with their system. This usually means that they have taken the time to select the right system for their business and planned and carried out the implementation thoroughly.

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