

NZ Furniture Maker

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Headline:

“Strategia helps furniture maker achieve significant incremental improvements across their entire business. Results comprise increased market share whilst reducing overheads, improved staff capability, productivity and motivation, simpler work processes, elimination of waste and increased throughput.

Quote:

“Strategia’s assistance to implement LEAN has helped in all areas of our furniture making business. It has changed my whole way of thinking about the business and given me a clear direction for the future to be more profitable, efficient and to make everyone’s job more enjoyable. I now have a totally different way of thinking and I focus on things that add value to profit, our customers and end users.”

“I would definitely recommend Richard and the work that he and his team at Strategia provide, especially when it is free, it is a great initiative of the government.” ...Business Owner and Director.

Problem

We are a New Zealand based furniture maker; we’ve been in business over 20 years and employ 23 people.

Over the last few years we had grown at a greater rate than what was really required both size-wise and our product range. Our production as well as our office and accounting systems just became too complex, and it affected our customers. The sorts of problems and issues we faced included:

- Poor productivity
- Large of amount of Work In Progress (WIP)
- Product waste
- Poorly defined processes and bottlenecks at a key process
- High handling and storage costs
- Administration too complex
- Lack of training
- Morale was low, mainly due to disruption from a massive flood.
- Inaccuracies in accounting software system

We worked to the industry standard lead time, but achieved it in an inefficient manner. The types of symptoms we experienced included:

- Cluttered work environment
- Suboptimal work flows throughout the factory, big distances between key processes
- Product wastage, problems not dealt with, just parked in the store
- Processes not well defined

On the positive side the strong NZ dollar was a bonus for us. In the first instance our primary objective was to improve productivity in the workshop.

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Strategia's Approach

Four years earlier I had been interested in LEAN and had read the book 'The Toyota Way' but I did nothing differently. In 2008 we attended a course about LEAN Manufacturing, and subsequently again in April 2009 which was presented by Richard Brathwaite from Strategia for New Zealand Trade and Enterprise (NZTE) via the Enterprise Training Programme (ETP) programme.

It was only when Richard visited us onsite as part of the follow ups from the NZTE funded course and asked a few leading questions that he hit the nail on the head. He walked us through our entire 'end to end' process he helped us identify issues and wastage. Subsequent to that Richard visited us for a few hours several times after each course.

Strategia's approach was to:

- Discuss company vision and strategy, structure, roles and responsibilities
- Discuss in detail in the manufacturing area, what the shortfall was between what was needed and what they had
- Identify shortfalls in skills and capability
- Discuss problems, talk to some staff, identify processes
- Identify numerous types of waste (especially time) and provide simple effective ways to sort that out.
- Suggest numerous visual management techniques to help make work easier to get right.
- Help design work management techniques that motivate staff to be self managing
- Implement layout changes that improved workflow throughout the factory
- Change material handling practices
- Introduce a simple maintenance system to ensure that things are done without relying on memory.

We made 5S a part of the day to day culture of all of the teams. Each team has become well organised, meticulously clean and tidy.

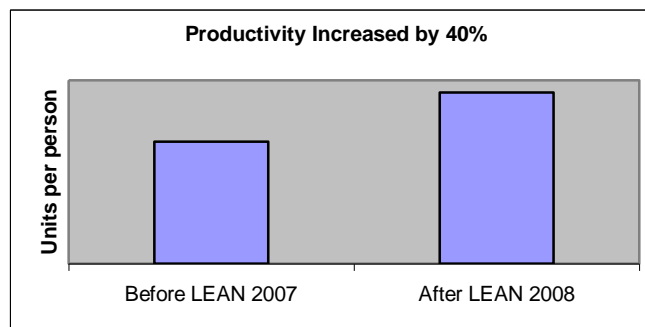
Initially the reaction was of resistance, people didn't want change, but as the financial crisis hit they realised if they didn't conform then potentially they could loose their job and now they love it. Some staff have left, those that remain are highly productive, motivated and enjoy their work. We have taken LEAN to heart and have implemented it across all parts of the business.

Results

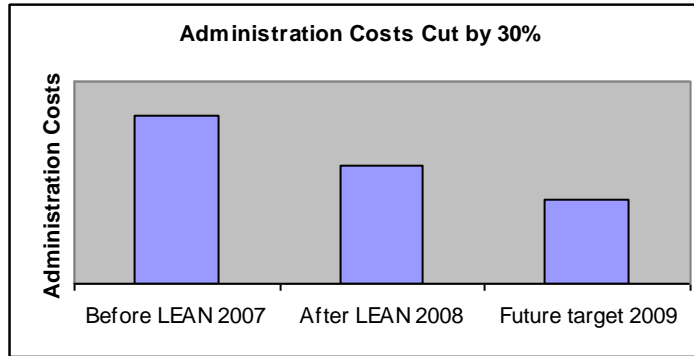
We have achieved amazing results within one year:

- Gross profit has increased
- Our WIP has shown a massive drop
- We originally had 30 people and now we are down to 23
- Throughput time is much faster
- Efficiency has improved through increasing manufacturing productivity and cutting administration costs

Manufacturing productivity is currently showing a 40% increase and we believe we can get that up to 50%



We have already cut our administration by 30% and anticipate in the medium term we will cut our administration by 50%



- Storage and factory space has been freed up and we've achieved better utilisation of area.

Other benefits that we have realised that we didn't anticipate include:

- Improved product quality
- Less stress on people
- Improved health and safety
- Morale has lifted, we have less sick days.

As we have increased our efficiency we now have more spare time which we use to implement more efficiency changes. This has allowed us to effect improvements very quickly and for the long term.

"I now have a totally different way of thinking about the whole business and I focus on things that add value to profit, our customers and end users." says business owner and director. Results comprise increased market share whilst reducing overheads, improved staff capability, productivity and motivation, simpler work processes, elimination of waste and increased throughput.

Currently production is down due the economy and a flood we had in our factory. Our customers have noticed our faster delivery times. We are working to develop our customer relationships and also to proactively manage any potential credit risks.

"I would definitely recommend Richard and the work that he and his team at Strategia provide, especially when it is free, it is a great initiative of the government." Richard has spent only about 16 hours with us on the business and we have fully embraced the LEAN approach. Within 1 year we have achieved awesome results that we understand often takes 2 or more years for other organisations to achieve. "I'm a director and spend 50% of my time doing LEAN and I love it more each day. We employed a person specifically to focus on LEAN so we jumped in boots and all and were committed to making LEAN work."

"Strategia's assistance to implement LEAN has helped us achieve significant incremental improvements across our entire business. It has changed my whole way of thinking and given clear direction for the future to be more profitable, efficient and to make everyone's job more everyone enjoyable." ...Business owner and Director.