Operational Excellence: Manufacturing

The JKA consulting team works with manufacturing companies in multiple industries (medical devices, capital equipment, pharma, fabrication, etc.) Our model is one focused on alignment (of *Lean)* to support the specific needs of the client (growth, cost, inventory (cash), sales, quality, etc.), targeting specific areas of impact (materials, *flow* through operations, sales, engineering, etc.) and flexible enough to ensure our roles meet the needs, budget and *pace of change* desired.

- ***4 mo. Transformation*** *Reduced plant throughput from 30+ days to <5 days, WIP inventory -48% ($1.6mm), productivity +26%, OTD from 84% to 96+%, operating income +16%, Floor space -40%*

Operational Excellence

Overview: The JKA business model is one designed to drive both *business* (i.e. income statement and/or balance sheet) and *cost center/operations* level improvements (i.e. traditional cost center performance: productivity, labor variances, lead time, on time delivery, quality, safety, etc.) To build a system of *excellence* in operations, we have learned that one must focus not only on the plant/factory, but also one must also ensure the *information* flows through the office, engineering and support departments are designed with the *speed/velocity, timeliness, accuracy* and *flow* to support the factory.

Whether your *business case* focuses on cost, growth, capacity, quality or *speed to market* (i.e. lead time and/or new product launch), *breakthrough* improvement (i.e. 10-40%) will involve improvements in both material (plant operations and supply chain) and information flow (support departments, materials, engineering, master scheduling, etc.) Understanding *where* in your operation lie the opportunities for impact during your stages of *transformation* is the key to *speed, effectiveness* (time 'to' and degree 'of' impact), *and bottom line* results.

Approach: The JKA team understands how *Enterprise Systems* (Oracle, SAP, etc.) must align with the manufacturing, materials and sales/service strategies of the business. Too often, ERP/MRP systems are *not* configured to support the mix of 'make to order', 'ship from stock' or 'configure to order' approaches intended resulting in an over dependence on *expediting/muscling* to deliver their products. Where needed, we have the experience to simultaneously evaluate your ERP configuration with for office and shop floor processes.

Aligning your improvement plan/activities with your strategic and operational objectives is key. Creating *P&L level* improvements within a business often involves improvements across the business:

- Flow within the factory (fabrication, assembly, and/or machining cells)
- Coordination of *engineering* (design/manufacturing)
- Integration of *support departments* (e.g. kitting, tooling, quality, warehousing/receiving, shipping, etc.)
- Alignment of master scheduling, customer service, service/spares and finance.

From a long-term perspective, operational excellence is about the creation of both *sustainable* improvements (i.e. results) and the building a foundation for continuous improvement. Doing so requires the identification and improvement of key core processes (cells, kanban, flow, etc.) as well as the development of front line leaders to lead the *process* of continually improving performance (Managing for Daily Improvement/MDI: huddles, dashboards, employee engagement, A3 *thinking*, etc.)

Case Studies:

- Custom pump manufacturer: Productivity +38%, Lead Time -60%, operating income 16% → 32+%, inventory -40%
- Oilfield Services (Drilling Fluids): North America (NA) Sales +40%, Global Capacity +36%, NA/Europe Inventory -40% $148mm, NA/EU/Asia DSO (-)$95mm, NPD lead time -40%