

improve



**SMARTSPEED**

BUSINESS IMPROVEMENT

# 7 IDEAS TO GAIN CONTROL AND IMPROVE PROFIT FOR YOUR MANUFACTURING BUSINESS

GILES JOHNSTON

# Thanks for downloading this report

I know that your time is important to you, so thank you for taking the time to download this short report. I work with a lot of factories, of all different shapes and sizes. Each factory has its own challenges, but there are a number of common issues I see time and time again. The seven ideas in this report can help manufacturing businesses to improve significantly; from a place of poor on time delivery and less than spectacular profits to winning new, profitable, business through being an excellent supplier.

I hope that you get some real benefit from taking action on what you read in this report. My reasons for making this report available free of charge are quite simple. Should you need some help to implement these types of changes to your business in the future then at least you will know my name and how to contact me.

## What Smartspeed does

Before I get into the meat of this report let me quickly explain a little bit of my background.

Firstly, my name is Giles Johnston. I am a Chartered Engineer who has worked in a number of areas of manufacturing, primarily around Operations Management and developing production lines.

I now work mainly with Managing Directors, Operations Directors and business owners to deliver improvement projects that make controlling the business easier, with the objective of increasing profit.

Many of my clients come to me, via word of mouth, because of some ongoing issue such as a lack of progress on projects, poor on time delivery performance, or continuous fire fighting.

Whether my clients are doing well or not before I get involved with them there is one common factor. They are looking for some practical advice on how to make their business improve.

So, that's enough about me and what I get up to.

Let's dive into the main part of the report.



# 1

## Manage the incoming workload

Many of my clients are engaged in contract manufacturing and have lots of different products moving through their factory. The combination of having many customers, products and batch sizes can create a complex environment. When a business like this is struggling to manage their schedules they can slip into a fire fighting situation.

Have you seen different schedules being written down on pieces of paper and handed to your Team Leaders every few hours? The new note is different to the one they received earlier that day and can leave production teams confused. Late orders are chased rather than managed. I realise that demands do change in a business, but not tackling this issue can really diminish productivity.

I am a big fan of having formality in the right places of a business. The right kind of discipline and considered action can have a big impact when used correctly. The kinds of problems I have mentioned above often stem back to one problem. Businesses that don't consistently allow work into their business in a controlled manner end up chasing their tails!

If your business is in this situation then don't worry. The remedy is quite simple and can be prevented from recurring in the future. Here are my action points to help you do just this:

**“Prevent  
confusion  
through proper  
order intake”**

### Recommended Actions

- Find out if your capacity planning information is up to date. If it isn't sort this out first. If you don't have such a tool then you will need to invent one. Something that is effective but not necessarily 100% accurate can still serve you for the time being.
- Work out how overloaded your business is. Use the capacity plan to identify what is overloaded when. Reschedule the orders accordingly so that you are left with a realistic production schedule. Communicate this with your customers as soon as possible.
- Implement a contract review process (or review your existing process if it exists). Be controlled in terms of how you let work into your business. The correct loading of a manufacturing business is, in my eyes, the biggest factor to maintaining control of shop floor schedules. Once the noise gets in, from your customers chasing their orders, all previous plans tend to disappear.

***A good consultant can help you to integrate this idea with your existing ways of working. Not only can we provide extra resources to enable you to accomplish this review, but external professionals also have one unique advantage - we don't work in your business every day. For that reason we're able to see your production process objectively, identifying bottlenecks and capacity issues without the distraction of everyday operations.***

Businesses need to create and use effective routines. When you boil down your factories' activities you can find a simple series of activities that need to be completed on a daily, or weekly, basis. Businesses that are out of control find themselves not doing the things that they know they should be doing. The first day is OK as nothing bad has happened. Extend this forward a week or two and the lack of proper activity starts to have a knock on effect. The key is to make the right activities part of the normal course of action.

One factory that I worked with had a purchasing team that didn't execute their daily activities each day. Problems would 'come out of the blue' every few weeks. Suppliers had to be chased to prevent line stoppages and a frenzy of activity would be seen by all. Their problem was that they hadn't decided how to handle their key activities each and every day, so they didn't. Rather than correct this situation they worked ineffectively for a week or two and then frantically coped with the subsequent explosion in the supply chain. We developed some efficient ways of coping with the daily activities and their problems went away. It's not hard, it sometimes just needs a bit of time to step back and look at the issues.

**“Identify and implement effective daily routines”**

### Recommended Actions

- If you haven't already mapped out your process steps then do it. Seeing it represented visually can give you an immediate boost in performance if the process steps aren't in an optimal sequence.
- From the map identify the key points in the process where activities need to be undertaken daily. List these points out against the departments that are responsible.
- Create a loose timetable of activities (usually daily activities and those taking place once or twice a week). Find ways to build these routine activities into other routines to make adopting them easier.
- Keep an eye on the routines over the next few weeks. The next idea will help, but you may need to provide a lot of support to make the routines turn into habits.

***If you can't see your routines then letting someone else help you see 'the wood for the trees' may be a good option. An experienced professional, such as a consultant, can help guide your thinking to find out what really adds value in your business. This allows you to design and drive the right kinds of routines.***

## 3 Sunrise meeting

By defining a handful of essential routines for your business you have taken a step forward. The real challenge is in executing these routines day in and day out. A great way to keep an eye on things and get your team involved with developing these new habits is a 'sunrise meeting'.

Simply, a sunrise meeting is a start of the working day meeting where the key elements of your routine are reviewed. Ideally the routines can be boiled down to a 'yes' or 'no' answer to prevent people from dodging the question. For example, if your team were responsible for the shop floor information packs (drawings, works orders etc...) then an effective question could be 'did all of the packs get issued yesterday?'

Sunrise meetings should be short and punchy. If they start to break down into discussions about specific issues in the factory then the focus is lost. The idea is that your team are keeping an eye on the overall process happening day in and day out. Specific issues could point to a part of the process breaking down. This is a great opportunity to undertake some root cause problem solving and improve your process. For the time being however let's focus on managing our existing process more effectively.

One of my clients used this to great effect. By getting all of their key operational staff aligned to the purpose of their part of the process they achieved a rapid turnaround in results. Turnover increased by £200k per month (from £350k to £550k), overtime reduced, lead times reduced and profit increased. Having a few focussed staff members had a big impact on the shop floor, better schedules with less interference to name but one. This is a simple idea, but one that can be really powerful when done properly.

**"Sunrise meetings should be brief and focused"**

### Recommended Actions

- Convert your key process points into 'yes / no' questions.
- Design a short meeting agenda using the above questions.
- Run the meeting near to the start of the working day to set your team on the right path each day.
- Take action on the 'no' answers you receive.
- Keep your team focussed on achieving good days. These lead to good weeks, months and years.

***Developing a short and punchy sunrise meeting is a good example of where a consultant can distil their years of experience quickly to add value to your business. The right handful of questions can make a big difference and experiences from different businesses can be really useful. When using a consultant it is useful to find out where their experience comes from, variety can breed good insights and useful ideas.***

## 4 Process KPIs

Many businesses use Key Performance Indicators (KPIs) to help them judge and monitor the performance of the business. They often use what I would call 'output metrics'. These metrics tell the story of what happened, which is useful to know. They need to be included in a suite of measures, to give you the proper context, but don't allow you to change the outcome.

Process KPIs are therefore metrics that tell you how key elements of your business processes are working. By understanding the performance in these areas you can adjust what you are doing today, with the idea of impacting tomorrow's outcome. Managing the process helps you to define what the output metrics will be.

If you review your process map, and the questions you have designed for your sunrise meeting, you will probably start to see the type of process KPIs you have. Whilst many KPIs are numerical in nature, usually expressed as a percentage, they can be used digitally. The 'yes' and 'no' questions of the sunrise meeting are a good point. Each and every day that you hold this meeting you are asking for information. Effectively a 'yes' is a 100% result and a 'no' is a '0%' result. A 'no' should lead to immediate corrective action.

Being able to change how a process is being managed day to day allows you to effect the end results. Trying to get your production orders out of the door on time when you have bought your materials late, overloaded your workcentres and then started late is a tough call. Managing your purchasing activities so that you always mop up your purchasing actions is better. Ensuring queues are actively managed so that works orders start on time is better. A proper contract review process that appropriately loads your manufacturing capacity is better. Together the process is much, much better.

**“Adjust today's performance, to affect tomorrow's outcome”**

### Recommended Actions

- Review your process map / sunrise agenda for the key processes.
- Decide how you want to measure each key step in the process. What would give you a meaningful answer?
- Find out what other supporting information you would need in order to have the 'full picture' before you make a decision. For example, on time delivery is easy when you have no orders!
- Build the KPIs into your other routines and processes.

***Creating the right suite of KPIs that drive business improvement and growth is a specialism. Getting help with this can save a lot of time and start your improvement journey more quickly. Many businesses try to use too many measures, don't fall into this trap! As consultants who work in this field constantly it becomes easier for us to quickly spot the few measures that can drive the right behaviours in your business. Managing the right behaviours can help you achieve your business targets faster.***

## 5

## Ensure MRP is configured correctly

MRP systems are an integral part of many manufacturing businesses. Whether you are running MRP, MRP II or ERP there are some common issues that I see on a regular basis.

I see three main points when it comes to using MRP systems:

1. Decide how you want to use your MRP system.
2. Configure the various modules correctly.
3. Manage the MRP process as you would with other processes.

For point 1, is your business a 'Make to Stock', 'Make to Order' or an 'Engineer to Order' type of business. Being clear about this can make configuring your system more straightforward.

Configuring the modules, point 2 above, means inputting your rules of working into the system. Many businesses either lack the knowledge of how to configure the system or they fail to complete the task. Either way they end up fighting the system's suggestions every day, often creating workarounds and poor working habits.

Finally, there are routines associated with MRP systems. Identify them and build them into your sunrise meeting and routines, if they aren't already. Appropriate KPIs are also useful to incorporate. An additional routine worth considering is housekeeping. Maintaining the data in the system is essential. Creating ways to pull out the data from the system, cleansing it where required (plus educating the culprits) and improving it are invaluable longer term.

**“Correctly  
configure your  
MRP system”**

### Recommended Actions

- Confirm that your system is configured to be the right approach for how you handle your orders.
- Complete, or correct, the information in the various modules (including; Bill of Materials, Inventory, Routines, Work centres / Capacity and Stocking Policies) so that the system generates the right instructions for your team.
- Develop housekeeping routines that complement the running of an effective MRP system and build them into your existing routines.

***Using a consultant to help your team correctly configure your MRP system can save many days and hours of activity and cost. It can also help you to save overtime and reduce freight costs more quickly. When you have to improve your business systems and juggle a day job it can take a long time to make the necessary changes. A consultant brings a sole focus with them; they don't have distractions when they are working with you.***

# 6

## Adopt a simple CI approach

Continuous Improvement, or CI, is a very common term used in manufacturing (and pretty much every other sector). The word continuous implies that it doesn't stop, but that is what I see time and time again.

Most businesses that employ a CI approach do so because they have problems. This is natural and I applaud this approach. However, a business moving from bad to OK is different to a business moving from OK to excellent. When you have problems they are visible. When your business is doing OK there are fewer visible problems. This is when a lot of CI activity grinds to a halt.

I have three suggestions that might make your life easier should you wish to continuously improve how your business operates. Choose a narrow focus, make it routine and use tiny steps.

You may have seen a trend in this short report about routines. Routines can make a massive difference and including proactive idea generation and improvement activity is no different. Whatever method works for you to generate and manage improvement ideas build into your other routines. Make it part of what your business is about. Over time it will become normal and 'the way we do it round here'.

A narrow focus can really help when you are trying to generate ideas. When you ask how to improve a business that is working OK, or no one can see any problems with what they are doing, you often draw a blank. When you ask how you can speed up the invoicing process you usually get a response. A narrow focus can generate ideas. Move your focus each and every time you want to generate new ideas.

Tiny steps are important to take the fear away of trying new things. Little projects and small jumps are good to help build confidence and gain information. Tiny steps are great if you are suffering from inertia and need to get improvements moving.

### Recommended Actions

- Create ways to examine your business with a narrow focus. Combine processes and performance factors (speed, quality, delivery, ease etc...) to use as a focal point for generating ideas.
- Build your idea generation method into your routines. Make Continuous Improvement and exploring how you can make your business better a habit for the business.
- Use tiny steps to overcome inertia and help your team to gain confidence and build momentum with their improvements.

***Working with consultants can help you to implement a method of working that suits your working style, to help you generate the improvements you know are possible. Having an external person work with your team to help drive the change process can reduce the time it takes for you to witness real, tangible, results. Many improvement projects aren't followed through effectively and we, as consultants, can help you to develop and refine your projects so that you do achieve the savings and benefits you want.***

**“Make  
continuous  
improvement a  
routine”**



## 7 Manage change proactively

Once improvements have been identified you need to manage the activities required in order to realise the benefits, otherwise the project will have been in vain. I see many businesses that talk a good talk, but don't deliver what they could. True, the day to day busyness of work can get in the way, but that's not a great reason is it?

Managing change is just the same as managing any other project with two subtle differences. The first is that you need to help your team overcome their fear of failure. The second is to help them get started with taking action.

Overcoming the fear of failure can be facilitated by being interested in finding out what the results are from their 'experiments'. The results they achieve are just that – results. They are indicators and are only outcomes if you decide that they are. Improvements rarely go right, that's why PDCA (Plan Do Check Act) is at the heart of Continuous Improvement.

**“The first attempt to improve is rarely perfect”**

Getting started with action goes back to the previous section on taking tiny steps, and may also require that you put your arm around your team members and walk them through the improvement. Over time you will need to stop walking them through the projects, your focus is to build up their confidence to do it on their own.

The other elements of managing the change include knowing who is going to do what and when. Once you have this you need to look at the plans on a regular basis to see if the right degree of progress is taking place. Yes, building these checks into your routines is an effective decision to make.

### Recommended Actions

- Break down your improvement ideas into proper projects. List all of the necessary steps and include who needs to do what. Apply deadlines and if possible estimate the amount of resources that are required to complete each element of the plan.
- Remember that your team are most likely to be going on a journey. Just because you think the plan will be easy to execute doesn't mean that your team do. Guide and mentor them through the process of testing their ideas.
- Review your plans regularly to check on progress. Build the checks into your routines if possible.
- If an improvement doesn't meet the mark first time try again. PDCA is all about evaluating the impact and then developing a better approach. Keep going until you get your result.
- Determine an appropriate way to close out the improvement. This could be Standard Operating Procedures (SOPs), a memo, a team briefing, or whatever would be appropriate to your business.

***Using an external person to act as your Continuous Improvement Manager can help you gain a focus and objectivity that can bring faster results for your business. As with previous points, a consultant that isn't distracted by emails and day to day working so they can accelerate results. You can use a consultant cost effectively when you are clear about what results you want to achieve and how you want to work together.***

## Now it is your turn

I hope that you have found the ideas in this short report to be useful. Please take what you found to be useful and test it. I can't guarantee any results based on the information in this report, but I do know that most factories will improve their performance if they apply these approaches.

Before I sign off I thought it would be worthwhile letting you know what some of my local clients think about the projects I have delivered for them. I mainly work with my client's teams to develop and deliver projects jointly. The idea here is based on the old saying of 'if you teach a man to fish he can feed his family for a lifetime'.

Sustainable improvements are definitely the way forward.

## What my clients say

Smartspeed came to our aid as the order book was rising even faster than overdue work. Helping us focus on the core issues and getting a new common sense approach to product flow improved output - excellent results from a brief intervention - highly recommend to any business.

Dr Keith Chester, Managing Director (K C Engineering Ltd)

Smartspeed assisted Ford in creating an effective Production Control system that has really improved performance and assisted in the company's growth and development. Utilisation and output has improved by 20% and quality issues have reduced by 40%. Real measurable improvements from a no nonsense cost effective service.

Highly recommended.

Mark Podmore, Managing Director (Ford Aerospace Limited)

Giles from Smartspeed grasped what we were trying to do from the first meeting, the methodical approach, structure and mentoring that he brought to our project allowed our improvement engineer to complete the tasks quickly and effectively. The planned savings should equate to more than 1000 man hours over the next year.

Gary Thirlwell, Commercial Director (Express Engineering Ltd)

[See our website for case studies.](#)



## Free improvement strategy session

As mentioned at the start of this report I will happily discuss any future projects you may have.

Most of my projects start with some form of discussion and my complimentary strategy session to identify improvement projects is one such way. The session usually takes place at your place of work where we discuss a number of factors that affect business performance. From this we can discuss which ideas have merit and would offer a significant benefit back to your business.

Should you want to proceed with developing these ideas then I offer projects on a fixed price basis (invoiced only when results are being achieved) or on a retainer basis. The retainers are a monthly service to act as a 'Continuous Improvement Manager'. This approach develops your team to improve the business professionally themselves (to teach a man to fish, so to speak).

The strategy session is without obligation and to arrange one just email me using [gilesjohnston@smartspeed.co.uk](mailto:gilesjohnston@smartspeed.co.uk).

## Contact details

To get in touch about the strategy session, or anything else business improvement related please use my details below:

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All the best for your improvement projects,

Giles Johnston

