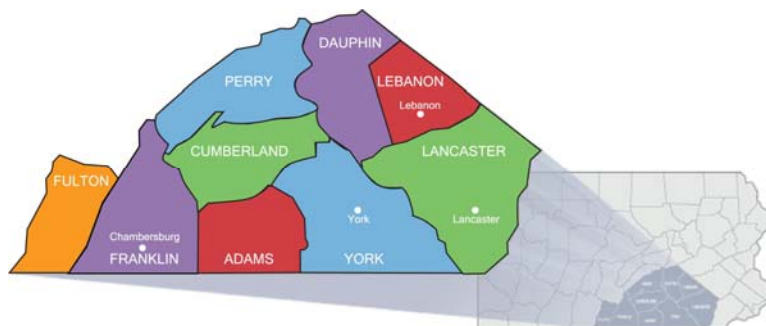


MANTEC Service Area



**MANTEC's 9 county region includes over
2,500 manufacturers in diverse industries.**

AGENDA

- Introductions
 - Why Implement Lean Manufacturing?
 - Cash Flow Simulation
-

- What is Lean?
- The Executive's Role in Lean
- Summary
- Discussion



Objectives

Demonstrate how lean can put more money in your pocket.

Review the basics of Lean Manufacturing.

Identify what your role needs to be.

Discuss elements of a successful lean journey.



Introduction – Why do Lean?

Do you want to make more money (profit)?

Do you want to increase the value of your business?

**Are your customers requiring Lean improvements?
(better quality, shorter lead time, lower cost)**

Are your competitors making improvements faster than you?



INTRODUCTION – WHY DO LEAN?

- 1. Improve the Cash Flow**
 - Faster cash cycle and velocity
 - Higher productivity
 - Lower inventory
 - More cash on-hand
- 2. Better customer satisfaction and competitive advantages**
 - On-time delivery, quality, lead time, cost
- 3. Create “Free” Capacity**
 - Better asset utilization
- 4. Improve Morale (...eventually)**
 - 100% Employee involvement
 - Focused continuous improvement
 - Improved working conditions- easier for people to do their job
 - Improved safety



WHO IS DOING LEAN AND WHY?

- **About 2/3 of companies in virtually every industrial market are engaged in Lean manufacturing.**
 - Labor productivity increase (25-100%)
 - Inventory reductions (25-75%)
 - Delivery improvements (25-100%)
 - Manufacturing Lead Time reduction (50-95%)
 - Decreased floor space requirements (25-50%)
- *Source: RSM McGladrey Manufacturing and Wholesale Distribution national online survey conducted March 11-April 13 (2009) with 920 executives of U.S. manufacturing and wholesale distributors.*
- How about your competition.....???



LEAN STARTS AT THE TOP

- **Can Lean Manufacturing be driven by anyone except the President/CEO/Owner?**

NO!

NO!

NO!

- **Top 10 Reasons why Lean implementations fail:**

- 1) **Lack of Top Management Support**
- 2) Lack of Communication
- 3) Lack of Middle Management/Supervisor Buy-in
- 4) Not Understanding That This Is About Your People
- 5) Lack of Customer Focus
- 6) Lack of Improvement Measures
- 7) Lack of Lean Leadership
- 8) People Measures Not Aligned with Lean Goals
- 9) Using Kaizen Events as the Sole Improvement Mechanism
- 10) Bonus Pay Systems Where the Only Measure Is Company Profitability



Source: How to Prevent Lean Implementation Failures- Larry Rubrich

SIMULATION #1: CASH FLOW



What is Lean Manufacturing?

Lean ≠ Layoff



What is Lean Manufacturing?

Lean ≠ 5S



The Value of Time

Time = \$



DEFINITION: VALUE-ADDED VS. NON-VALUE-ADDED

Value-Added

Any activity that changes the form or function of the product. (What the customer is willing to pay for.)

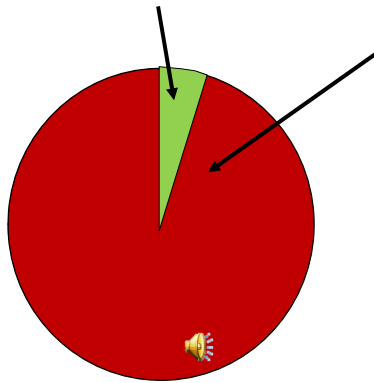
Non-Value-Added (Necessary or Required)

Any activity that does not improve the form or function of the product. (The customer DOES NOT want to pay for these!)



LEAN = ELIMINATING WASTE

Value-Added



Non-Value-Added

- Defects
- Overproduction
- Waiting
- Non-Utilized People Skills K,S,A
- Transportation
- Inventory
- Motion
- Extra Processing

Typically 95% of all lead time is non-value-added.

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What is Lean Manufacturing?

1. Identify the Waste

"A systematic approach to identifying and eliminating waste (non-value-added activities)

through continuous improvement by flowing

the product at the pull of the customer in

2. Eliminate the Waste

pursuit of perfection." (Textbook Definition)

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What is Lean Manufacturing?

Do What Makes Sense!
Then do it again,
And again...
And again...
And again.



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What is Lean Manufacturing?

Lean = Change

What Does Senior Management Have To Do?

1. Create a Clear Vision and Strategy, and Communitate it.

Make Lean Priority #1 to everyone, Including Yourself!

2. Develop Company Key Performance Indicators (KPI's) with clear targets

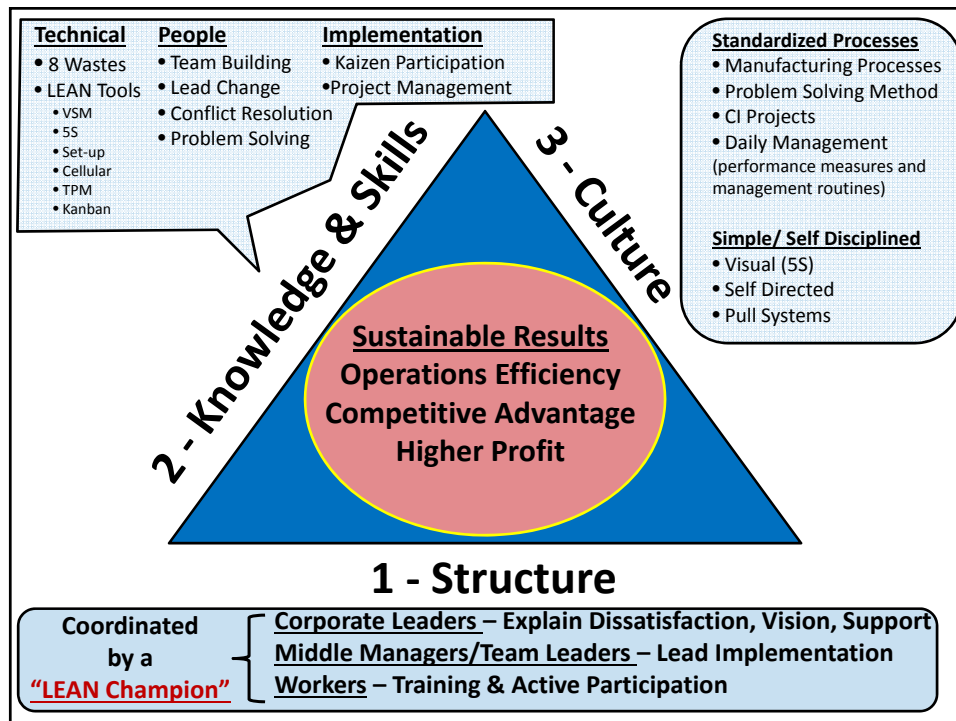
- Safety, Quality, Delivery, Cost

3. Participate in Daily Management Routines On The Shopfloor

- Flash Meetings
- Red Bin Review
- Truck Preparation Area Review

4. Support Continuous Improvement Workshops (Kaizen, PDCA) and participate if possible.

- Setup Reduction, 5S,



WHERE DO I START?

IT DEPENDS.

1. Understand Lean Goals and Develop Lean Strategy.

- Current Company Key Performance Indicators (KPI's)
- Performance to Current KPI's
- Customer Survey, Supplier Review, Employee Survey
- Lean Assessment by MANTEC
- Complete a Value Stream Map

2. Create a Steering Committee and Identify a Lean Champion.

3. Identify a Pilot Project/Area

4. Provide Basic Training for Pilot Team

5. Complete Pilot Project



Objectives

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Summary

- Lean can...
 - Increase Cash for your business
 - Improve customer satisfaction
 - Improve employee morale
- Must be driven from and constantly reinforced by senior management.
- Either decide to become a lean company or not; don't just try it.

