

The Challenge: Implementing Lean across Office Functions

The Client:

This client develops, manufactures and markets a wide range of products for consumer and industrial markets.

The client wished to implement Lean across all office functions at their North America headquarters, and to integrate those activities with similar Lean implementations at the manufacturing sites. It was expected that this business process improvement initiative, using Lean office techniques, would deliver over \$50 million in annualized cost savings and cost avoidance, with cycle time reductions in excess of 25% in all functional areas of the business.

The Approach:

Kaufman Global implemented a typical Lean project structure, with Steering Team, Core Integration Team, and five primary work teams covering Product Development, Supply Chain Quality, Data Integrity, seasonal peak processing, and Demand Management. Over 20 sub-teams were utilized to focus on specific problem areas where Rapid Improvement Events were required. The Lean Daily Management System® (LDMS®) and associated 20 Keys® metrics were implemented for each of the primary work teams. Kaufman tools and techniques were merged with the existing client Six Sigma methodology to provide a holistic approach to implementing change across the organization. Extensive use was made of Integrated Product Development and Office Kaizen tools and techniques, linked to a robust S&OP process, to monitor and track improvement trends on an ongoing basis.

The Result:

- **At the close of the project, \$2.1 million in savings had been realized through implementing quality improvements relating to “Returns and Allowances”. By year-end, this number had increased to over \$50 million.**
- **A single number forecast was in place 5 months earlier than ever before, with a variance of only 1% from anticipated sales. A formal S&OP structure was set up to ensure continuous improvement in this area of the business.**
- **Orders and pre-builds were staged for peak seasonal shipments two months earlier than in previous years, and systemically validated against a single number forecast.**
- A single IPD process is now in place, showing all activities, integration requirements, and stage gates with hurdle rates from the point of ideation through to sales launch and ultimately retirement.
- The role of Product Data Manager was implemented, resulting in **cleanup of 75% of all product attribute data**. Also, 84% of all new product items were set up in central database prior to orders being placed.

Critical to Success:

- Steering Committee hands-on involvement.
- Limiting the areas of focus allowed the team to narrow the project scope to 5 major initiatives.
- Sustaining LDMS® over extended periods of time.
- Continuing the use of Rapid Improvement Events
- The use of S&OP is expediting bottom-line benefits across the entire supply chain.

“We are going to move ahead with all the short-term improvements. The team members really took themselves out of the process, removed personal bias, and looked at what would be best for the business – great job!” ~ Team Leader