

Manufacturers must cut waste and inefficiency to survive

By Dean Poeth

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In the 1976 movie "Rocky," a smalltime boxer gets the opportunity to fight the world heavyweight champion. After much soul-searching, he decides his objective is not to knock out the champ. It is simply to stay on his feet and go the distance.

The analogy with small New York manufacturers is striking.

While recent news indicates the global recession appears to be easing, there remain tremendous obstacles for small manufacturers. With fewer orders, cutthroat foreign competition, and difficulty obtaining credit, many struggle just to make payroll. To survive this global fight, small manufacturers must employ every means available to improve productivity, including lean manufacturing. Many are not.

For the small manufacturer, lean is not an option, it is a business imperative. It does not provide competitive advantage. Far from it; it is required just to survive. Businesses that don't incorporate lean, if they compete in the global marketplace, are at risk.

Lean manufacturing is the principle employed by most global manufacturers of continuously cutting waste. Without it, the excess weight drags the business down, making it less flexible, less profitable, and less able to keep up with the foreign competition.

Lean manufacturing is not new and it is not a fad. It has been time-tested for decades, and it clearly works.

Unfortunately there are still many small manufacturers who aren't applying lean methods in their operations. As just one example, recently I was given a tour by the owner of a small business that manufactures a product sold by Wal-Mart and other retailers. During the tour, he told me that he was the last remaining U.S. manufacturer of this product; all the others had gone out of business. Factories in Asia were able to produce a quality product and sell it at a lower price. He was clearly struggling too, and was worried about the future of his business.

As we walked through the small factory, I was struck by the many contradictions to lean manufacturing principles.

There was inventory stacked everywhere. Parts had to move from machine to machine in a haphazard fashion. Associates spent too much time moving materials and inventory around instead of making product.

The opportunities for improvement were numerous.

I'm sure it's the same for many small manufacturers who have failed to implement even the basics of lean production. The good news is that these principles are simple and many can be implemented at little cost.

NO EASY CHANGE

Simple, however, is not synonymous with obvious or easy. It's like the pile of junk in my garage. It has been there so long it doesn't get noticed anymore. It's the same with waste in a factory — it's been that way forever. It's not a problem: it's expected, it's normal.

No, it isn't. Chances are that your foreign competitor who is driving you into the ground fixed it long ago.

How do you find the waste? A good place to start is to imagine your factory was the size of a dollhouse. Now imagine taking off the roof and looking inside. What would you see? Would you see materials, people, inventory and products moving in a logical, organized fashion, like a team of ants removing bits of food from a picnic? Or does it more closely resemble a family of mice being chased by a cat in a barn, scurrying this way and that?

Wasted movement costs money and time; expenses which add no value to your product. Do you think your customer wants to pay for that? Would you?

Another place to start is to ask the associates. After all, they are the people really doing the work, and many are happy to give you their ideas if you treat them right. Showing sincere respect for the workers is the key that opens this treasure chest. The single most important competitive advantage a business has is the hearts and minds of its workers.

NECESSARY STEP

The economic crisis that started two years ago is far from over. Most experts expect a slow, painful recovery, and small manufacturers will need to use every means available to withstand this economic downturn.

Like Rocky, small New York manufacturers are trying to stay on their feet. Lean manufacturing is not an option in this global fight; it is a business imperative that can help small businesses face their opponent, take the punches, and go the distance.

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