

A. G. RAYMOND & COMPANY
Incorporated

Management and Technical
Solutions for the Wood Products Industry



How To Create a Winning Factory

**Association for Retail Environments
45th Annual Manufacturing Seminar
Oklahoma City, OK
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The Key Question

What must my factory do well?

The Starting Point

**“The purpose of business is
to create and keep a customer.”**

- Peter Drucker



Marketing Plan

Key Information

The answers are found in your company's Marketing Plan...

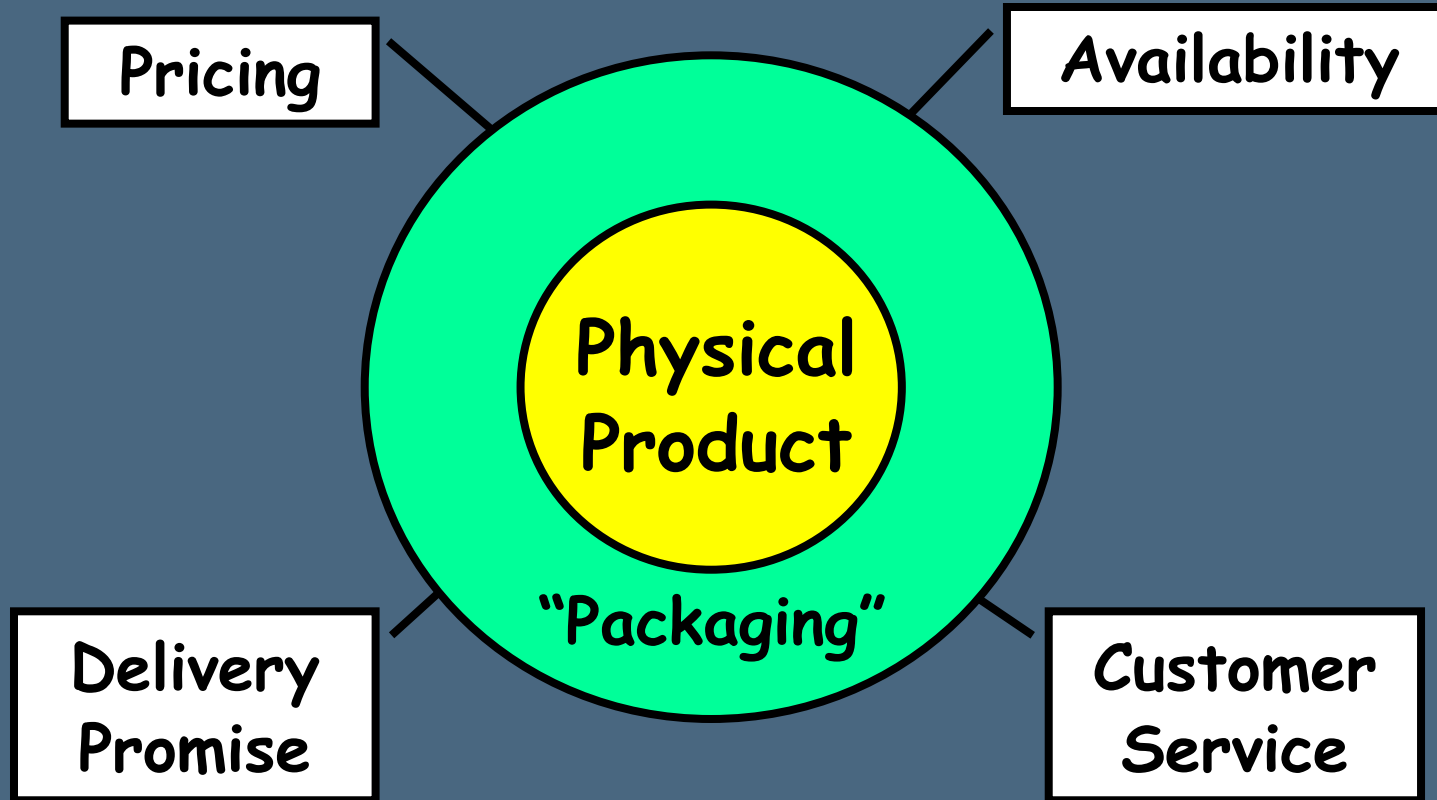
Marketing Plan

Who Are Our Customers?

What Is Our Offering?

What Is Our Value Proposition?

Your Offering



Levers of Success

1. Concentrate on the "vital few"

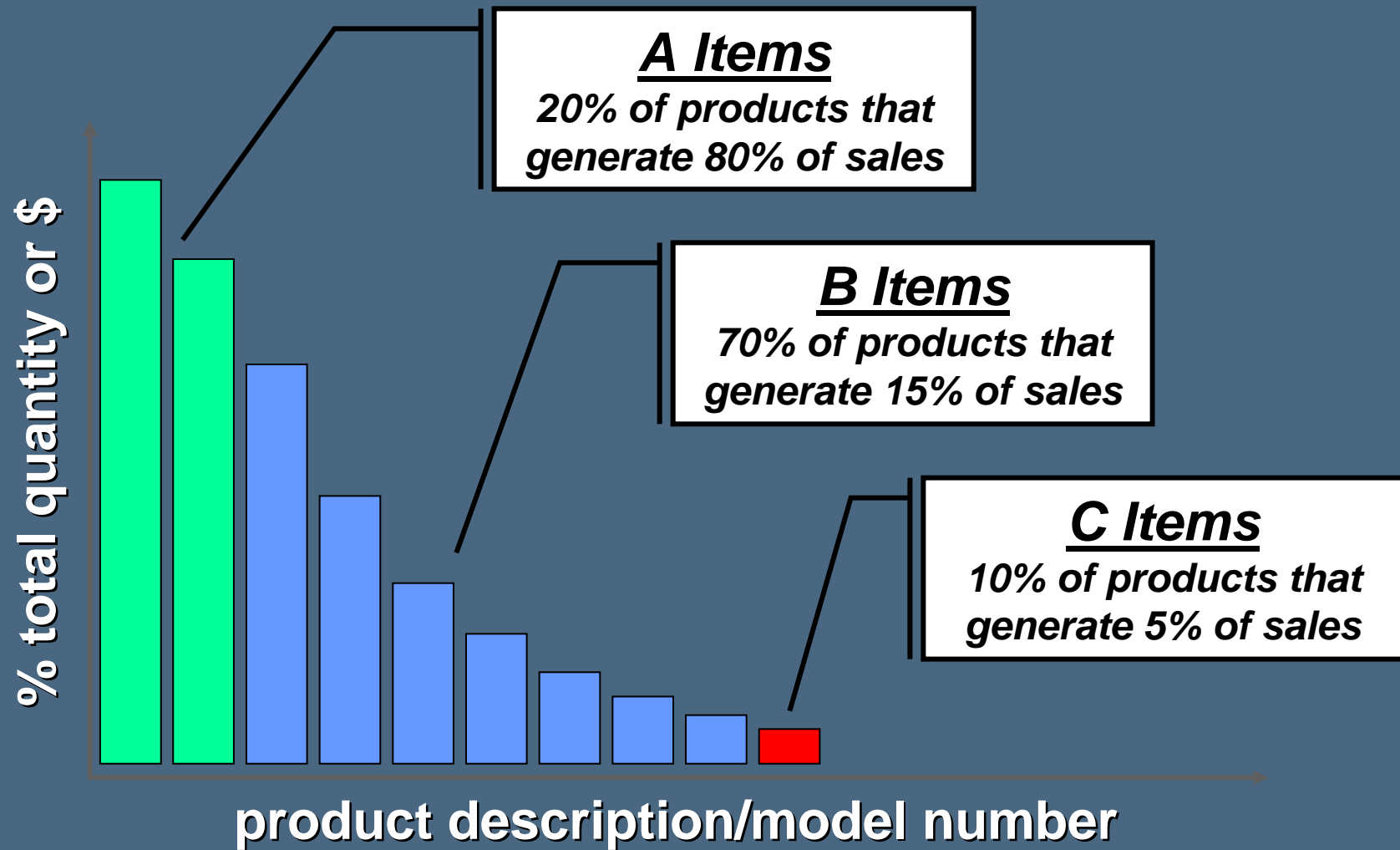
→ Focus on the key processes that create value

Levers of Success

1. Concentrate on the "vital few"

- Focus on the key processes that create value
- Understand the volume relationships in your product line and customer base

Volume Relationships



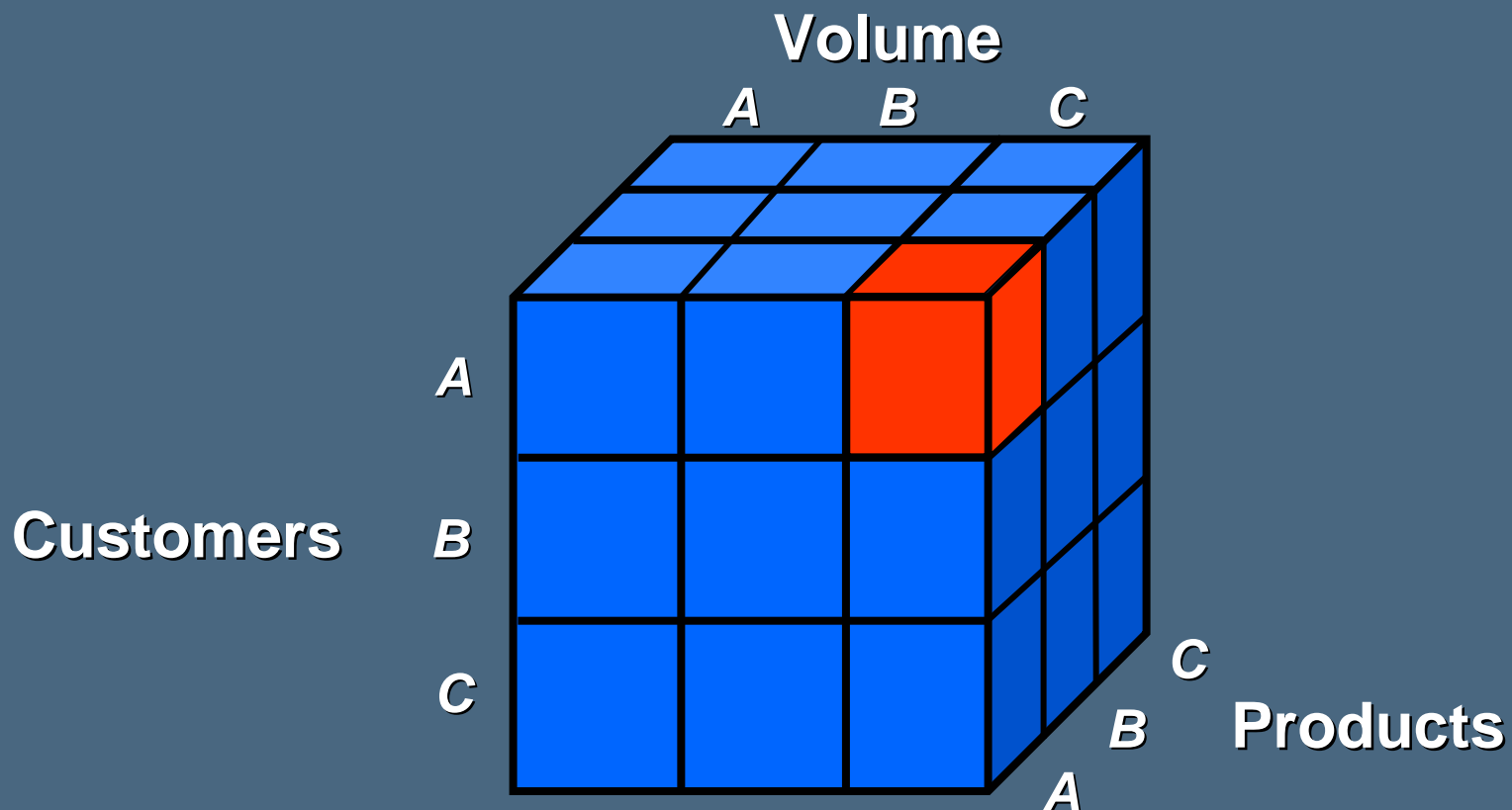
Levers of Success

1. Concentrate on the "vital few"

- Focus on the key processes that create value
- Understand the volume relationships in your product line and customer base
- **Sub-divide your processes according to product and customer demands**

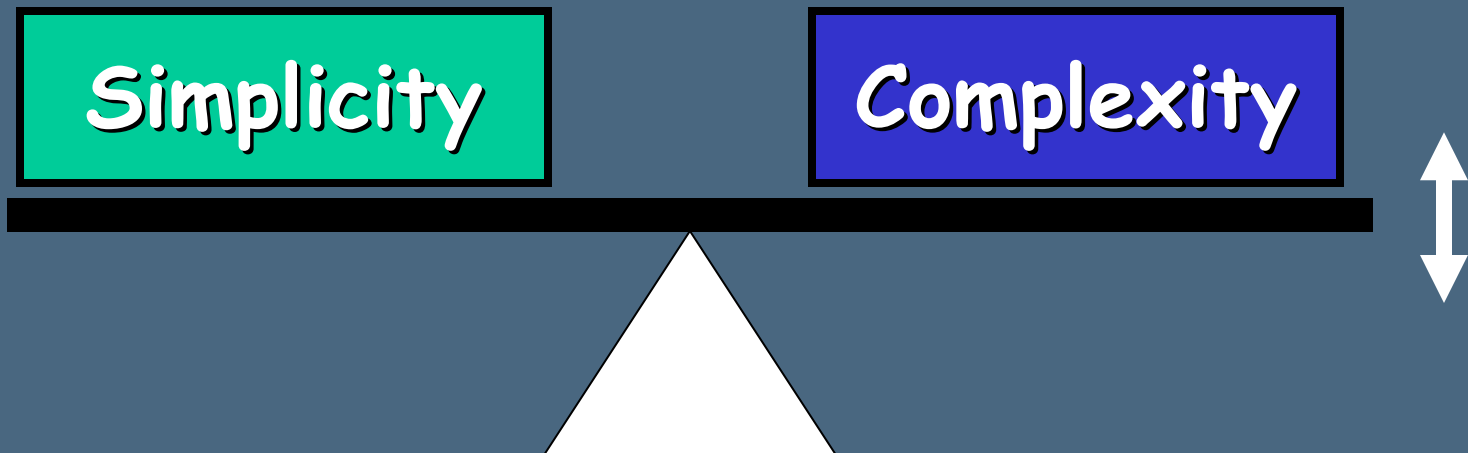
Winning Through Focus

Achieve efficiency by focusing on *product*,
volume, and *customer*...



Complexity vs. Simplicity

Winning requires a balance between simplicity and complexity...



Levers of Success

2. Manage and engineer your products carefully

- Develop rules for purging slow selling SKUs
- Research new products before introduction
- Standardize/modularize to reduce discrete parts
- Engineer for manufacturability

Levers of Success

3. Know your real costs & performance

- Build systems that provide the key information needed to manage your process
- Use those systems to identify your real costs of doing business
- Include a set of key performance indicators

Levers of Success

4. Capitalize on your strengths

- Know your strengths and weaknesses**
- Focus your resources on doing those tasks you do well and buy the rest**
- Establish a firm policy for what you will and will not do**

Levers of Success

5. Lean out your process

→ Run a clean, organized facility

Housekeeping

The five steps of good housekeeping are...

1. Sort
2. Straighten
3. Scrub
4. Systemize
5. Standardize

Levers of Success

5. Lean out your process

- Run a clean, organized facility
- Eliminate waste - Think Green...
 - > Material
 - > Labor
 - > Space
 - > Time

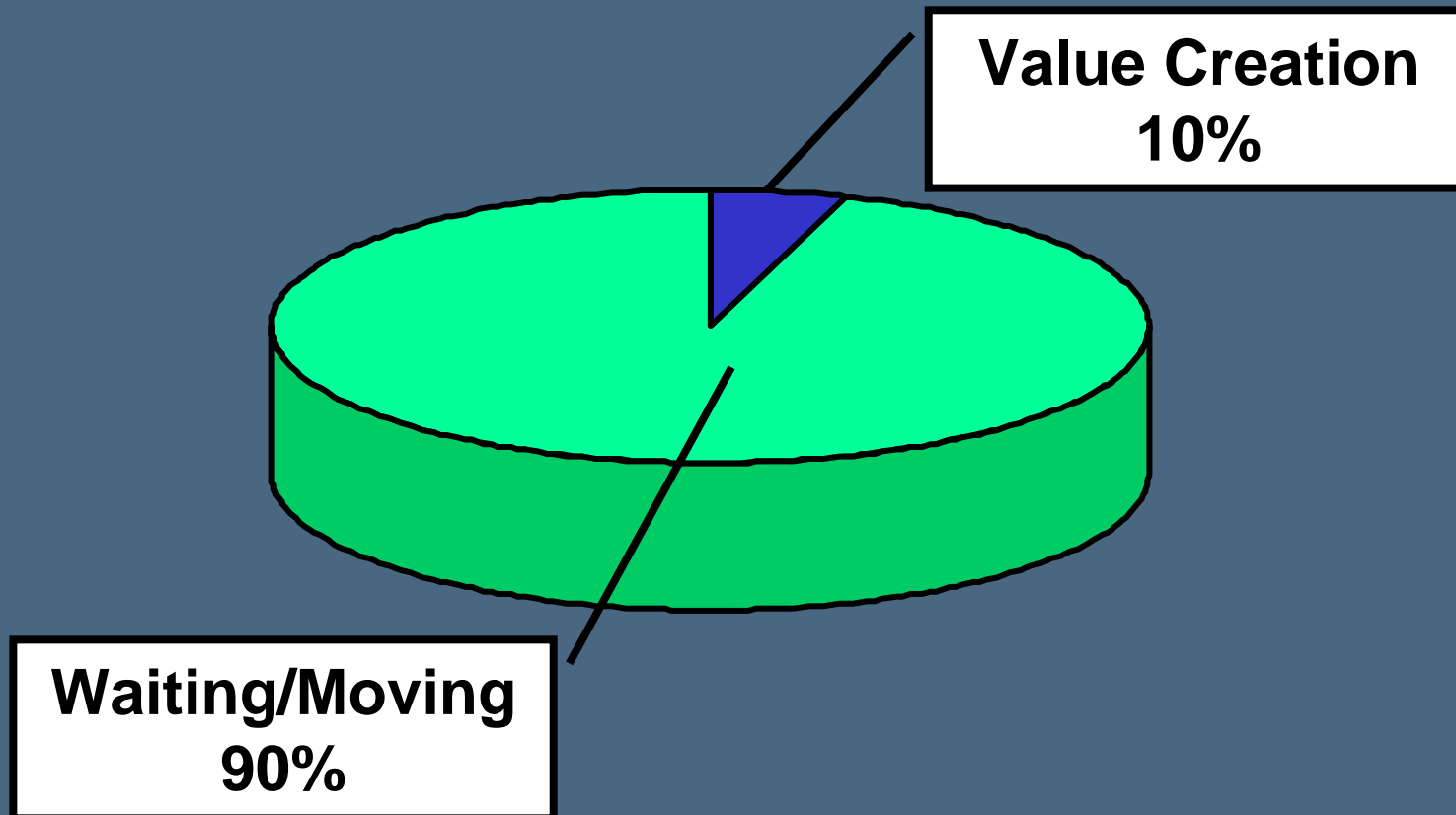
Types of Waste

The eight types of waste are...

1. Mistakes
2. Remediation of Mistakes
3. Excess Production
4. Unnecessary Production Steps
5. Needless Worker Movements
6. Unnecessary Transport of Goods
7. Delays
8. Unwanted Products

Throughput Time

Value creation is typically a small percentage of total production time...



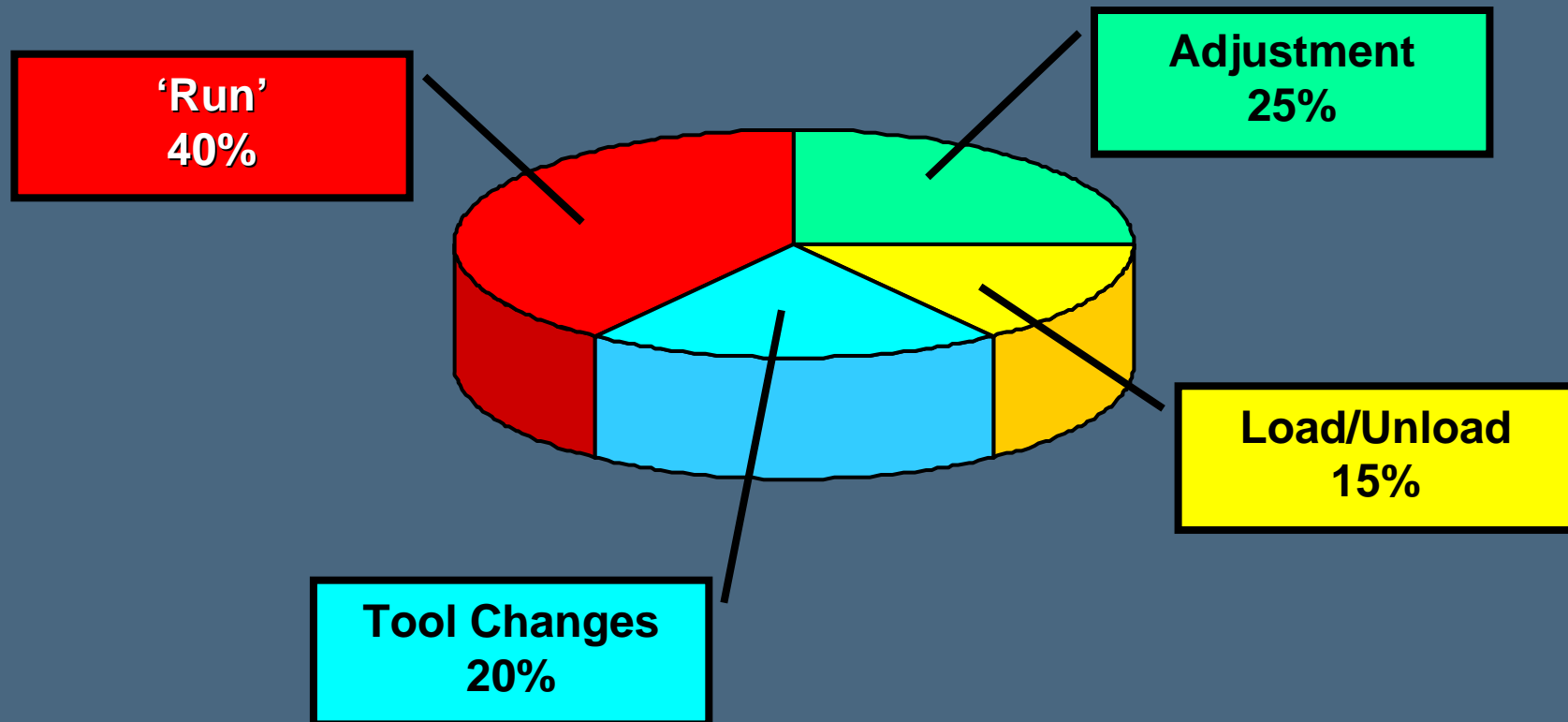
Levers of Success

6. Know your capacity

- Recognize your bottleneck(s)
- Understand your set-up economics

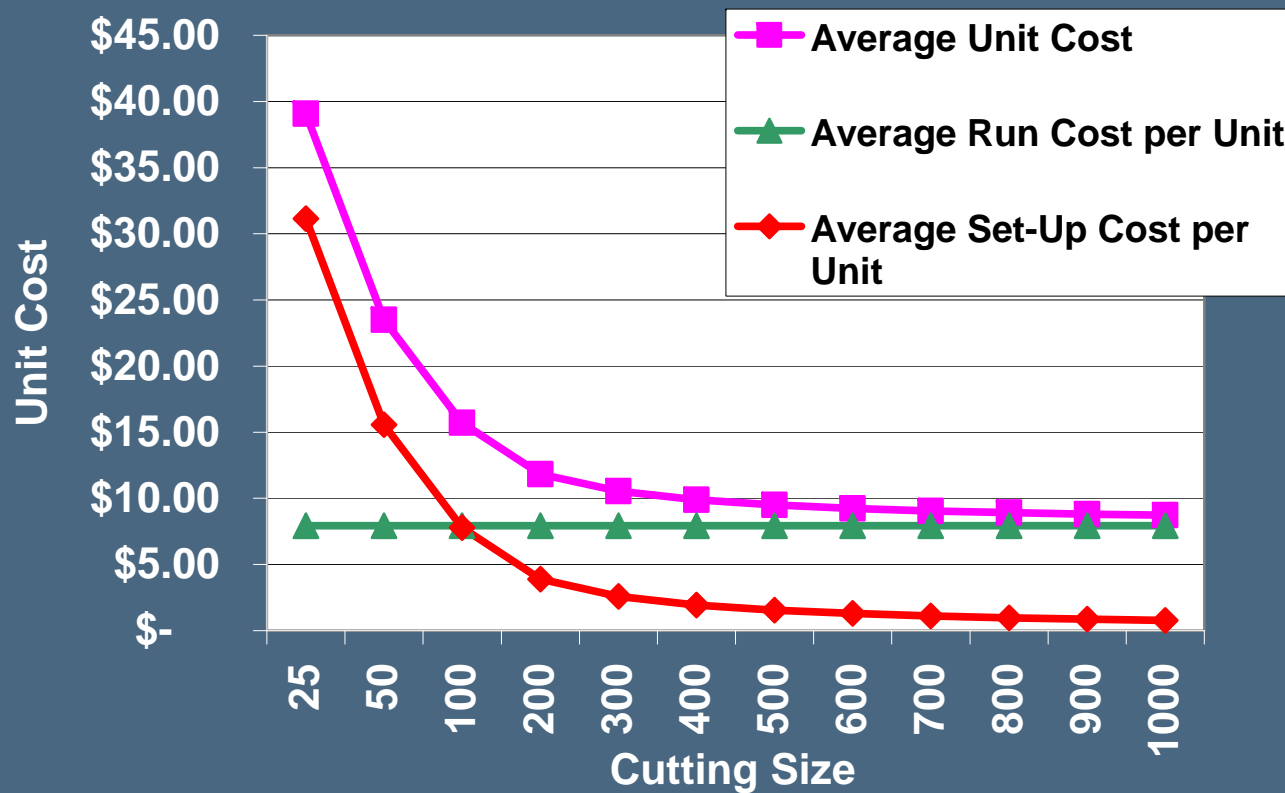
Set-Up Economics

Time spent in set-up, tool changes, loading, and unloading consumes valuable 'run' time...



Set-Up Economics

Unit cost is not linear...



Levers of Success

6. Know your capacity

- Know your bottleneck
- Understand your set-up economics
- View “bigger, faster” machines with caution
- Use conventional machinery creatively

Creative Use of Machines



Creative Use of Machines

For example, robotic feeders...



Levers of Success

7. Engineer your factory floor carefully

- Organize for optimum process proximity
- Select optimal handling equipment

Optimal Handling

For example, special fork lifts...



Levers of Success

7. Engineer your factory floor carefully

- Organize for optimum process proximity
- Select optimal handling equipment
- Install efficient infrastructure
- Create a “place for everything and keep everything in its place”

Levers of Success

8. Systemize operations management

- Coordinate sales and operations
- Maximize throughput of your bottleneck
- Set a production schedule
- Stay on schedule

Key Systems

Four critical systems for a winning factory...

1. Purchasing system for material procurement and inventory control
2. Execution system for controlling production
3. Product system to engineer/specify products
4. Measurement system to publicize performance

Levers of Success

9. Educate, inform, and motivate your workers

- Conduct a formal employee education program
- Foster leadership throughout your company
- Empower your workforce
- Publish your key performance indicators
- Pay for new skills
- Develop a bias for action and change

Change Management

Implementing change requires smart people management...

- Recognize the technical and social aspects of change
- Involve the affected employee(s)
- Provide adequate time
- Communicate clearly, simply, and often

Levers of Success

10. Improve continuously

- Avoid the perfection trap
- Be aware of paving the cow paths

Two Quotes To Remember

Be Different...

“A company can't outperform its rivals if it competes the same way they do.”

Two Quotes To Remember

Do The Right Things...

“There is nothing so useless
as doing efficiently that
which should not be done at all.”

- *Peter Drucker*

For more information contact...

Art Raymond

A.G. Raymond & Company Inc.

1033 Wade Avenue, Suite 102

Raleigh, NC 27605

919 831-0070

araymond@raymondnet.com

www.raymondnet.com