Reaching a Sustainable Operational Excellence Programme

12th Annual European Manufacturing Strategies Summit 2016

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Upon completion of this session

- Apply OpEx foundations instead of using a tool-based approach
- Implementation OpEx principles across business functions
- Usage Operational Excellence when designing new processes

100% SUSTAINABLE OpEx Model
Disclaimer

The views expressed herein are the views of the presenter only and not those of any company, employer, or organization associated with the presenter.
Do you feel identified with the picture?
Organizations nowadays

Current Situation

- Price driven externally (market, regulations, …)
- Profitability via reducing cost
- Investments with short-term paybacks
- Financial cutbacks to achieve credits

- >40 years old in 2016 (50 in 2026)
- Distribution in layers: top management, management, shop floor
- Temporary jobs among job workers

- Investments and programmes against work-related health issues
- “Green” product and facilities

- Products custom-designed and with “high performance”
- Marketed to small segments of consumers
- Better quality and service
- Shorten leadtimes

Benefits

Working Age Population

Health, Safety & Environment

Singularity of Products
## Some features of OpEx

- A change implemented by consultants after analysis of current situation and redesign accordingly.
- Top management and all layers are 100% committed.
- Management work with the team to reach customers’ needs.
- Cost reduction is the motto.
- Problems are shown to visualize them and we learn from them when solving.
- Waste is “the most wanted” in order to eliminate or minimize it.
- Next stage is our primary customer, ergo, improve transitions and flow.
- Management coaches teams with responsibilities (even to stop the process).
- Multifunctional employees are encouraged to make changes, continuous improvement.
- Open and clear communication shows trust among all parties.
Some features of OpEx?

A change implemented by **consultants** after analysis of current situation and redesign accordingly.

Top management and all layers are 100% **Committed**.

Management work with the team to reach **Customers’ needs**.

**Cost** reduction is the motto.

Problems are shown to **Visualize** them and we learn from them when solving.

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Next stage is our primary customer, ergo, improve transitions and **Flow**.

Management **Coaches** teams with responsibilities (even to stop the process).

**Multifunctional employees** are encouraged to make changes, **Continuous improvement**

Open and clear communication shows **Trust** among all parties.
What will we get?

Productivity increase
Free space
Quick changeovers and setups that increase capacity
Better service from vendors
Increase Gross profit $\Rightarrow$ Savings $\Rightarrow$
$\Rightarrow$ Investments $\Rightarrow$ Growth

Leadtime reduction
Defect rate decrease
Lower inventory coverages
Shorter new-product development time

But these are “financial effects”...
...these are consequences
What do we expect from this journey?

1. A way to do business
   Satisfying customers’ needs with service and flawless products

2. Leaders developing the strategy and workforce influencing it by doing
   A thought process from a cultural transformation

3. Improvements in processes and innovation
   A system where the processes are actually value streams
   A system to create flow, identifying interruptions and wastes to eliminate them

We know where we want to be, but only by determining the actual place we can find the right direction, Let’s check where we are, ... Honestly
Quick Quiz & Answers

Which areas are involved in the OpEx Journey?
(1: only one area  to  5: the whole organization)

Is there a leader at steering committee who engages and promotes the change?
(Y/N)

What is the management culture from top to down?
(1: Command  to  5: Support)

Are clear targets in areas to improve processes?
(Y/N)

Are these targets aligned with the strategy and growth targets of the organization?
(Y/N)

How is continuous improvement established in the organization?
(1: Projects to save money  to  5: A common state to add value)
Requirements for a successful implementation of OpEx

- Commitment
- Common vision
- Objectives
- Self discipline
- Communication
- Trust
- Improvements

SUCCESS

Want to

Able to

- Training
- Qualification
- Learning

Allowed to

- Empowerment
- Roles and accountabilities
- Trust
- Security
- Independency and autonomy
Sustainable Cultural Transformation recipe
It’s not a trial & error process, neither tool box usage,...

A Sustainable Cultural Transformation is mandatory

**CURRENT Situation**

**ACHIEVED Transformation**

**DESIRED Transformation**

H1 Capability to Change!

H2 Capability to Change!
Do we have targets?
Do we have a strategy to reach them?
Sustainable Cultural Transformation recipe
TOTAL COMMITMENT of Top management is a must … or it will never really happen

If the leader doesn’t lead, the followers won’t follow
Top management leadership style

- Creates and transmits a clear vision for change
- Creates partnerships to achieve team goals
- Strengthens the capacity of the organization to change
- Encourages desirable behaviour
- Coaches the teams in gemba
- Inspires employees in gemba
- Leads workforce to adapt skills and behaviours in gemba
- Put pressure on the organization
Sustainable Cultural Transformation recipe

- Strategy
- Commitment
- Gemba
- Transfor Mation
Touch the Gemba

Operational Excellence is a people thing

- Gemba must reflect customer requirements
- Skills, behaviours, training and team work
- People make the process flow
- People identify non verbal added works and waste
- People need a proper workplace
- People are key and make things happen in the gemba, no machinery

Involve operators and team leaders in improvement activities

Gemba will show the reflect of poor support by other areas
Performing OpEx workshops without establishing the people foundation will avoid getting long-term sustainable results.
Sustainable Cultural Transformation recipe
Roles of management style
Layers in the organization

GROUP LEADERS
FOREMEN
SUPERVISORS
MIDDLE MANAGERS

Manage INPUTS
5M

Build a corporate culture of challenge
Maintain and Improve

To produce OUTPUTS
QCDSM

Problem solving,
Root cause analysis

Monitoring and Performance review

Challenge people to attain targets

Standarization

Flow

Train:
MTP, TWI
(JI, JM, JR), KATA

Develop projects

Housekeeping

Track performance
Sustainable Cultural Transformation recipe

Strategy
Commitment
Flow
Gemba
Accountabilities

TRANSFORMATION
Importance of Flow Work

- Batches
- Inventory
- Downtimes
- Rework
- Changeovers
- Transportation
- Layout
- Push
- Unbalanced work

Productivity increase
Reduction of WIP
Leadtime reduction

Capacity increase
Optimized Resources
Customer Satisfaction
Roadmap for the journey

Phase #1

- Define a Vision and Communicate to the organization
- Define the Values and the Pillars and Basement.
- Identify gaps auditing the current system as is (real check)
- Communicate the Strategy to the Organization
- Define the Scope
- Implement and Train a Steering Committee
Roadmap, Phase #2

- Define Roles and Accountabilities
- Build a training concept and make a Qualification Matrix
- Define Master Plan with Targets
  - Cascade them down in targets at lower layers
Roadmap, Phase #3

- **Roadmap, Phase #3**

  - **Gemba**
  - **Flow**

  - **Extend** to other Areas

  - **Roadmap, Phase #3**

  - **GEMBA**
  - **Flow**

  - **Choose a Pilot at Shopfloor**
  - **Train** all the people involved in the pilot

  - **20%**
  - **65%**
  - **15%**

  - **Start** the pilot at Shopfloor
  - **Create a Report system**
  - **Perform scheduled Audits**
Out of the manufacturing area

Is it valid for the business areas out of manufacturing?

- Define standards
- Cooperation to achieve common goals
- Continuous information exchange
- Specific trainings and skills
- Technical expertise
- Holistic approach

Are the foundations different from the manufacturing area? What if we try?
“It’s impossible to do OpEx in an office”

“The office presents different types of problems than that of the manufacturing area”

Vocabulary

that appears when facing OpEx in an office:

**Always**  \( \rightarrow \) We’ve always done it that way

**Never** \( \rightarrow \) We never do that

**Have to** \( \rightarrow \) We have to do it that way

… due to a Compliance or a Regulatory requirement
OpEx in office

Could we…?

Increase the capacity to define and solve issues internally with the cooperation of everyone?

Avoid transcription data mistakes by means of fool-proof tools?

Separate repetitive activities from the sporadic ones?

Standardize the repetitive activities?

Increase the flow of information avoiding duplicities and reports that nobody reads?

If so, we can implement OpEx in the non-manufacturing areas
And extending the boundaries

Integrate them in our global network
Visit them and let them visit us

Gauge them constantly
Monitor their needs with precision

Ethics and accuracy in procedures and formalities
Deal initiatives jointly
Even when designing a new process

80% CQD are determined at Design and Planning stages.

3P Production Preparation Process

Focus is on PROCESS design: Effective method, Availability according to demand, Reduced complexity.

"Lean Before Launch"
Last but not least

**ATTITUDE**

Accept that there is no immediate return and there will be difficulties.

Be persevering and consistent. **There is no end point.**

It sounds risky, but the real risk is not to change.

Re-improve what was improved for further improvement (Taiichi Ohno)

Make it simple. **Simple is better**

Be open.

Same old methods, same old results.

One Billion Baby Steps...
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