

The Big Question

Theme: How to improve productivity in manufacturing?



As part of our new series, The Big Question, we've collaborated with some of the most experienced leaders in the manufacturing sector to understand where manufacturers should focus their attention. This issue tackles the topic of productivity and what you can do to improve it within your business.

With thanks to our Manufacturing Champions...



Alan Purvis

Managing Director, Mettler Toledo Safeline Ltd

Alan is the Managing Director of Mettler Toledo Safeline Ltd, which is a subsidiary of Mettler Toledo, a Swiss based Instrumentation business. Alan leads 300 employees at the Salford factory, which operates in over 35 countries.



Andrew Peters

Managing Director, Siemens Digital Factory Congleton

Andrew has worked within the electrical and electronic engineering industry for over 25 years, with significant expertise in managing change, building teams and generating strong organic growth.



Tim Monaghan

European President, Diodes Incorporated

Tim leads a workforce of around 500 employees, mostly across the UK and Germany, encompassing sales, business development and manufacturing operations.



Dr Tony Bannan

Group CEO, Precision Technologies Group

Tony is a Chartered Engineer and an experienced technical, operations and managing director with extensive international experience including China, India, USA and Europe.

Find out more about the Manufacturing Champions at:

www.businessgrowthhub.com/manufacturing-champions

We asked the Manufacturing Champions

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What experience
would you share with
manufacturing leaders
to help them improve
productivity within
their business?

”

Here's what they had to say...



Alan's Productivity Principles

There tends to be a lot of complicated jargon floating around the whole topic of productivity but we, the leaders of manufacturing businesses, should be able to distil it down to some simple concepts.

Make it customer-centric

I would first look at the time it takes to “do” something valuable for your customer, like make the product, answer an enquiry, or to rectify an incorrect delivery, and to think about what it would be worth to your business to improve the efficiency of that process by a few percent. We can all manage a few percent better after all.

It's not all about the shop-floor

Too often we view productivity as only about shop-floor “direct” activities, but there are so many more opportunities to reduce waste and to accelerate the flow of products and information through our organisations.

“ What would 5% extra margin bring to your business? ”

Watch the clock

Time-based management is challenging - but if you analyse the value-adding steps in your process you will rapidly diagnose that most of the time we live in MUDA - the product is not moving through the process, the information is incomplete or in the wrong place or the customer commitment is at risk of being missed.

Productivity is too important a driver of customer satisfaction and margins to be left to chance. What would 5% extra margin bring to your business?

Muda



Muda is any activity or process that does not add value i.e. Waste.

Alan's Top 5 Leadership Priorities

1. Leadership and management development
2. Process efficiency
3. Internal systems
4. Lean training for shop floor
5. Supply chain development

Insights:

Success starts with strong leadership. Ensure your management strategy is working and understood by your staff. Work with external experts to help understand the opportunities to improve processes, systems, training and sales.

Expert advice is offered for free with credible organisations like the Business Growth Hub.





Andrew's Productivity Principles

Product Cost Transparency

My main advice is to establish transparency around the factory Key Performance Indicators (KPIs) of quality, cost, delivery and safety.

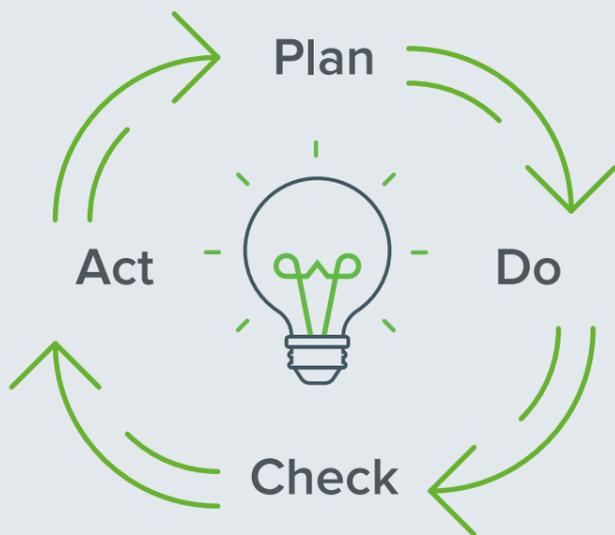
To drive productivity, it is essential that there is transparency around what makes up the product cost i.e. percentage of materials, labour, overheads.

Start small

Having established this, given many small businesses don't have the luxury of additional resource, start small. Choose one production area and identify small improvements which can be made to production. Engage the team by setting up display boards which show progress being made. Daily stand ups are a great tool for creating transparency.

PDCA

A nice simple tool is PDCA (Plan Do Check Act).



Get Help

To help SMEs get started they may require a helping hand to show them how to start. Best practice sharing visits to companies already on the journey is a great help.

PDCA



PDCA is an iterative, four-stage approach for continually improving processes, products or services, and for resolving problems.



“Daily stand ups are a great tool for creating transparency.”

Andrew's Top 5 Leadership Priorities

1. Product innovation
2. Leadership and management development
3. Accessing new markets
4. Lean training for shop floor
5. Supply chain development

Insights:

Your own priorities will vary depending on the business you are in and what stage you are at now. I've ranked this list based on my current responsibility which is MD of Siemens Congleton.



Tim's Productivity Principles

It's about value and knowing where to add it

Productivity is simply being more effective at creating value, not necessarily making more for less. Frequently, in my business, cost reduction delays the inevitable demise of a me-too product. Innovation and inspired design or marketing can add much more value for much longer.

Be ruthlessly logical based on REAL data

It takes time to set up effective measurement systems but it is time well spent. The data will tell you where the biggest benefit can be had and whether you are making progress towards it. Almost as importantly it will help you to bring people along with you and give them confidence in your intentions.

Leadership matters

Once you know where you are going, make sure everybody else is pointing in the same direction and wants to make the same journey. It doesn't require complex jargon but it does require honesty.

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Don't get trapped into thinking improving productivity is about making things faster or cheaper. Understand why customers want your product or service and focus on being better at that.
”

Break it down into something everyone can see every day

If you can link every task to the end objective and measure progress, you will have a benchmark to manage your business, and so will everybody else around you. It embeds the purpose, it drives ambition and maybe even creates healthy competition to be the best.

Better people with better skills will solve a lot of problems before they even start

The best leaders may have a vision but they do not have the monopoly on good ideas. In any business, training is essential. Whether that is formal education and apprenticeship or day-to-day reflection and personal development, you will get back ten times more than you put in. The real investment is, of course, time.

Me-too

A product introduced by a company to replicate a competitors product - usually one that is successful and dominates market share.

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Know what your competition are doing.

The partner from our accountants assures me there is no such thing as plagiarism anymore. Apparently, in business it's called leveraging knowledge from 3rd parties. Whatever way you choose to describe it, there are only a few genuinely new ideas out there. The vast majority of good practice is skilful reworking and tailoring of existing methods. So, spend a little time looking over your neighbour's fence. Take the good, ignore the dodgy and call it your "new template for industry".

Ask for help - it exists and in a lot of cases its free.

Other people's problems are always much more fun to work on so there are plenty of folk around keen to help. Don't pay for it though unless you are absolutely sure you have to - an enhanced support programme is available through the Business Growth Hub.

At Diodes we trained over 100 staff in continuous improvement techniques. The funding took a bit of finding but it was there.

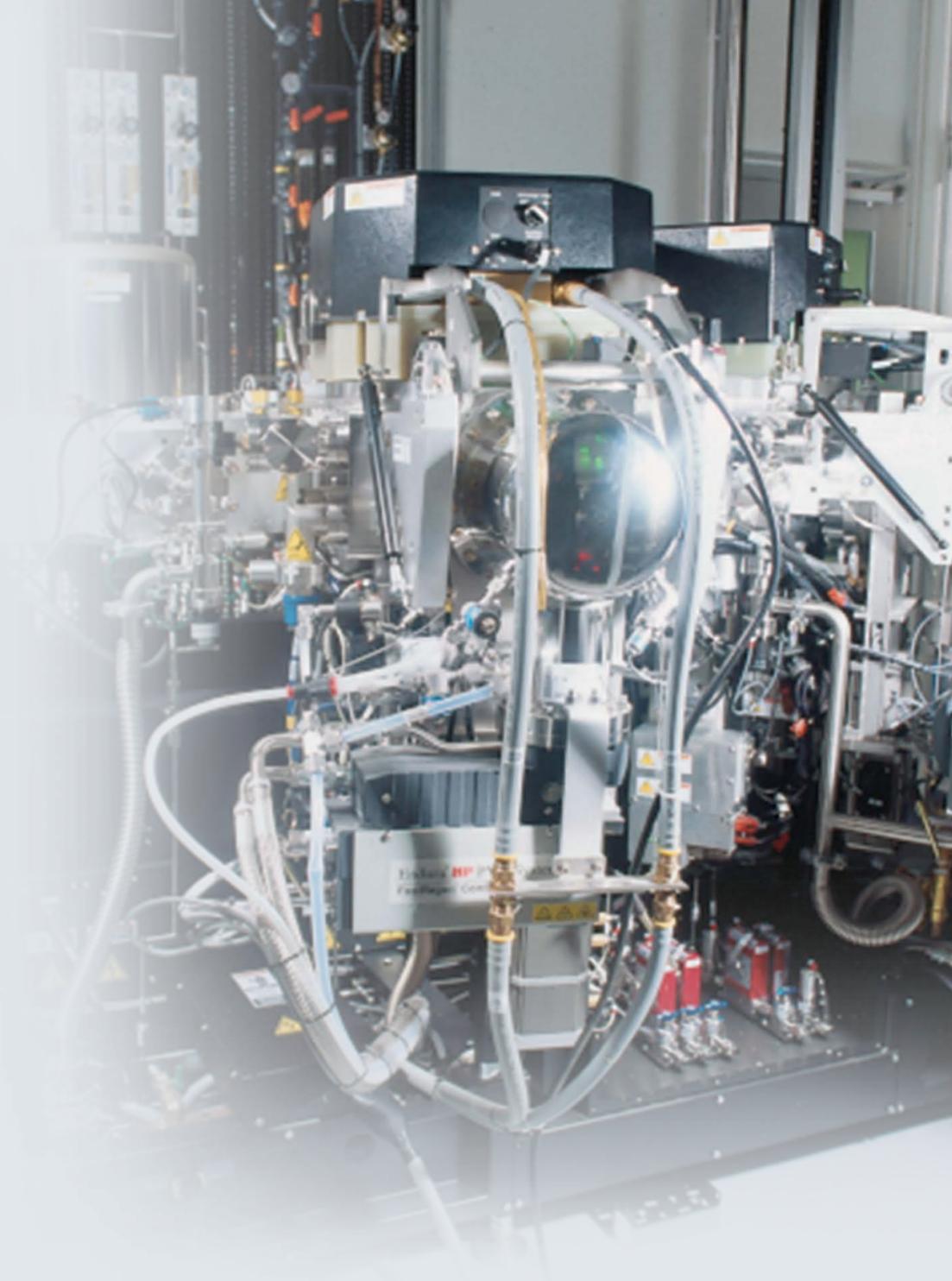
The Manufacturing Champions Network is a mentoring and support network that manufacturers should take advantage of.

“The best leaders may have a vision but they do not have the monopoly on good ideas.”



Success breeds success.

Last but certainly not least, share the success with your team, with your peers, with the community. Everybody likes to see success large or small. So be proud and tell people how good your organization is.



Tim's Top 5 Leadership Priorities

1. Product innovation
2. Leadership and management development
3. Sales and marketing
4. Internal systems
5. Apprenticeship scheme

Insights:

Strong innovation and leadership will always create better productivity.

Don't underestimate supporting your sales team with the right tools - it can bring huge value to your brand.



Tony's Productivity Principles

First, clearly define what your business is trying to achieve. Be specific about your products, services and markets. If there's a lack of clarity, use the MoSCoW method to assist the process:

- M** What your business absolutely **MUST** do if it is to be productive and competitive in its market.
- S** What your business **SHOULD** do to increase your competitiveness and productivity.
- C** What your business **COULD** also do to make you stand out from the crowd.
- W** What you **WON'T** spend money on or be distracted by.

Second (and this will almost certainly be a 'MUST'), ensure you and your people have the necessary skills. Be honest and invest as much as you can in skills, competence, training and development.

Third, seek the guidance and support of external experts, which can usually be obtained for free if they are in your supply chain. If you're in manufacturing, it's likely that automation of some processes will increase productivity. Automated processes are now so commonplace that there are many expert providers whose knowledge might enable you to make a substantial step up in productivity. Use their experience - within the limits of any confidential data you may need to protect - rather than wasting time figuring it out yourself.

“Seek the guidance and support of external experts, which can usually be obtained for free.”



Tony's Top 5 Leadership Priorities

1. Leadership and management development
2. Product innovation
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4. Sales and marketing
5. Process efficiency

Insights:

It starts with good leadership. This must be top priority. Innovation of products and customer service provision are key in terms of a delivery strategy. All the others are almost equal in importance.

Exporting is low down the list only because that is an almost natural outcome of getting the other stuff right.



Take Action

Have you explored Productivity in Practice, our dedicated support service for Manufacturing SMEs?

It starts with a free audit, delivered by a dedicated advisor who is an expert in helping manufacturing businesses drive growth. Your advisor will visit your premises, walk through your processes, understand your challenges and identify solutions to increase your productivity.

All advice is bespoke and impartial. Your advisor will use their experience to offer you a range of solutions and support which are fully funded, whilst helping you to access funding for intensive improvement projects.



Typical solutions include implementing lean processes, leadership and management development, innovation support, extending product lines, adopting new technology or systems, improving your supply chains and opening new markets. Once solutions are identified, your advisor will support you in delivering your projects; supporting you through the whole process.

Productivity in Practice is part of the new suite of services that the Business Growth Hub has created for manufacturers in Greater Manchester. This new fully-funded service is uniquely focused on productivity – with our highly skilled team of advisors targeted with delivering sustained business success and ensuring manufacturers remain competitive.

www.businessgrowthhub.com/manufacturing

