

Breaking the Mold on Job Shops

LFMcapital

BUSINESS PROBLEM

Company X is one of many job shops that has unrealized potential. Job shops have a reputation for high costs, long lead times, mediocre quality, and poor on time delivery performance because they are plagued with high levels of variation that arise with high-mix, low-volume custom parts manufacturing. As a result, job shops have failed to innovate and improve. Job shops need a playbook for leveraging specific tools in highly variable environment and a framework that ties strategy to execution to achieve meaningful improvements.

DATA SOURCES

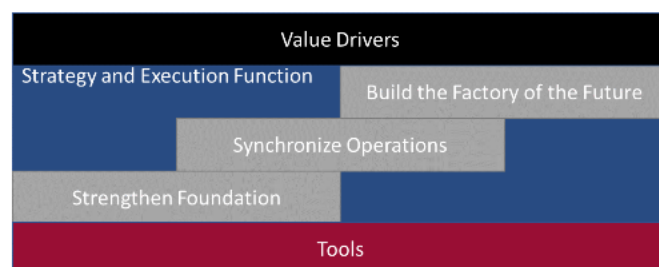
ERP and quality system databases

Data Types and Format

SQL Database

APPROACH

Performance gaps on key value drivers for the business were identified. A strategic framework was developed to close the gaps and achieve operational excellence through strengthening foundation, synchronizing operations, and building the factory of the future. The initiatives in each phase were achieved using a select set of operational tool that were tailored to the job shop environment.



IMPACT

Company X saw improvements across several different performance metrics as a result of strengthening foundation, and beginning initiatives around synchronizing operations, and building the factory of the future. During the research, the team saw the trailing twelve-month backlog levels, a measure for orders booked by customers, grow by 1.5 times what it was at the start of this research. The team improved their trailing twelve month internal on time delivery performance from 58% to 70%. More notably, the team increased their monthly external on time delivery performance from 50% to 96%. The external delivery measure is based on customer measured performance. In addition to improve on time delivery performance, the team steadily increased trailing twelve-month revenue. Furthermore, the company increased trailing twelve-month margins, suggesting the operational improvements outlined in the strategy were supporting a continued decrease in manufacturing costs. The team expects to see continued improvement across all of these metrics because the strategic initiatives, tools, and execution framework introduced culture of continuous improvement and fostered behaviors of drive, curiosity, customer focus, accountability, collaboration, and communication throughout the organization.

DRIVERS



There was a new leadership team and governing board in place looking to drive operational improvements at the company.

BARRIERS



Deeply rooted norms. The tradeoff between the short term and the long term. The highly variable and complex nature of work. Daily firefighting. Resource constraints.

ENABLERS



Culture. Organizational buy in. Impact on both immediate issues and long term opportunities. Leadership support.

ACTIONS



Aligned on organization value drivers Identified gaps in performance. Developed working groups. Identified leading indicators of performance. Maintained accountability to the goal. Kept score.

INNOVATION



The solution looks at ways to leverage tools and introduce technology in effective way. The job shop is extremely complex. The tools and technology solutions used in production environments do not apply in the job shop. The strategy outlines the approach a job shop can take to break through mediocrity and achieve operational excellence in a simple yet effective way.

IMPROVEMENT



Trailing twelve-month backlog levels, a measure for orders booked by customers, grew by 1.5 times what it was at the start of this research. Trailing twelve month internal on time delivery performance increased from 58% to 70%. More notably, monthly external on time delivery performance increased from 50% to 96%.

BEST PRACTICES



Think about the "why" in everything you do and make sure it aligns with the goal of the organization or initiative. Develop systems that focus on supporting a strong culture of collaboration, communication, drive, and customer focus; the results will follow. Focus on progress not perfection.

OTHER APPLICATIONS



This strategy can be applied in any high-mix, low-volume environment.