

Lean opportunity for Futuris



Front seat trim assembly on the Campbellfield production line

Manufacturing is no bed of roses nowadays, particularly when one has the odd experience of making car parts hand over fist one moment, then finding one's whole enterprise threatened as car sales collapse the next.

Quality Manager for the Futuris Automotive South Australia, Neil Cordon says while roller-coaster has been a rough ride for the auto parts maker, a big benefit has been suddenly getting everyone on the same page.

Neil is a proponent of Lean Enterprise principles, which eliminate waste in work processes to achieve productivity, cost and environmental gains. Before the global financial crisis hit, implementing Lean was a strong focus and fast becoming aligned across the whole of the South Australian management group, the GFC was the event that allowed us to take a few risks and align the way we ran our business toward the concept of a process based structure changing a few old paradigms and breaking tradition in many areas.

"We had begun our approach to this around three years before the global downturn," Neil says. "The primary objective was to achieve and sustain a competitive edge in our operations.

"We spent two years consolidating sites and acquiring strategic businesses; merging them into what Futuris is today. There was always a 'big project' to focus on.

"Once this was all done, we realized our starting points of applying tools such as Kaizen teams and 5S were only capable of relatively short-term gain. We had reached a tipping point where the wider concepts of Lean would lose emphasis without something more to encourage the journey whilst in search of a more stable and sustainable foundation.

"Then the global landscape changed; Holden had been on the verge of becoming the designer, manufacturer and exporter of the new global rear-wheel-drive platform, with Futuris designing and supplying seating and interior systems for this enterprise. The Futuris edge was based on design innovation and manufacturing flexibility to provide niche markets with high quality, complex product proliferations packed with features.

"Suddenly the potential for new vehicles dried up.

The focus for most OEMs switched to building global vehicles on existing platform designs as economically as possible.

"The objectives of the original Lean program became the business imperative: to manufacture someone else's design as competitively as possible in the global market." Urgent need to 'do something' proved a great motivator for labour and management.

"We had already spent a significant amount of time training and aligning our management team to think Lean at a strategic level," Neil says. "We had a well-defined and linked vision, values and key performance indicators for the existing business climate.

"The sudden and huge drop in existing vehicle sales meant that a complete rebalance of the business labour force and overheads had to happen almost overnight.

"Surprisingly, our model was robust enough not to change much during this process, the emphasis shifting slightly in favour of highlighting a few selected KPIs as critical to success and others now less relevant."

Having fewer people to influence, significant periods of non-production time to carry out planning and communication sessions and tighter focus on efficiency and performance metrics helped implementation.

"Reduced numbers within the workforce meant closer working relationships between staff and shop floor people. We even relocated staff out of the office and onto the shop floor to break down the physical barriers and build more influential relationships," Neil says.

Futuris trained senior managers to understand Lean principles, rather than just Lean tools and their application. "We used the UNISA course run in partnership with Cardiff University. This provided valuable insight into how the concepts could be applied strategically in line with customer value," Neil says.

"It was clear there needs to be a strong lead from the head of the business, supported by an independent, key mentor-facilitator for the rollout.

"Without this, the co-ordination could not be achieved and the focus would shift, based on the daily 'flavour' of the moment. We chose to have the facilitator as a

member of the management team, seconded out of the daily flow, rather than an outside person."

Getting the workforce to understand Lean objectives revealed "gaps in the communication process".

"Before the GFC, initial communications outside the management group were conducted with PowerPoint-driven sessions," he says.

"The questions posed after these events revealed very little of the detail or relevance was understood.

"An element of 'if it ain't broke, why fix it?' was present, probably because things finally appeared stable from a shopfloor perspective. It was difficult to work out where to go next.

"The plan was to take the bottom up approach - asking the shopfloor 'HOW' will we achieve this? - but we never reached this point due to the GFC taking hold.

"Now, in order to convey the objective of the production teams, we focus on hand-plotted KPIs at the coalface, rather than in spreadsheets buried in offices.

"This also made us realise how little the labour force understood how we measure the business. It has driven a level of accountability for the measures at the correct point of ownership. Supporting staff were now sitting within the production groups on the shop floor and had better opportunity to explain and influence on a situational basis.

"For all involved it was much easier to understand why it was important to do 'Lean stuff' to stay in business - remove stability and people refocus pretty quickly.

"Once the accountability for key performance was understood at a team leader level and the metrics were clearly defined and understood, the daily performance started to improve gradually. People have a better understanding of what their role is within the Lean structure - how what they do can positively impact the outcome for all. They can see it, too, with the use of simple visual management tools.

"We are at the point now of improving the visual management of these metrics at various levels in the business structure and creating natural escalation processes for out-of-control situations."

Neil's critical points are:

- Spend the time on strategy to avoid wasted effort - it must have customer value
- Understand value creation - why focus elsewhere?
- Think about how to engage people, only they can make it work
- Keep the message simple and digestible for the wider group where possible
- Simplify business processes - the basic approach is best in a complex environment
- Get people working together to common aims rather than individual KPIs. Create a 'we are all in this together' approach
- Above all, don't wait for a burning platform. Create one if you have to!