



Lean thinking yields gross benefits

By Gary Loblick, P.Eng. MBA

While few would dispute the power of lean manufacturing to streamline operational costs and maximize outputs, many small and mid-sized companies believe lean strategies are only for multi-million dollar manufacturers who can afford the investment.

This attitude reflects two fundamental misunderstandings of today's marketplace and lean manufacturing. First, small manufacturers are competing with large enterprises in the global markets. The intense competition demands that Canadian companies seek innovative ways to reduce costs. Second, lean practices do require planning, assessment, training and execution, but not necessarily vast capital investment. On the contrary, the essence of lean manufacturing is to eliminate waste so that current resources can be better deployed.

For example, recently an Edmonton, Atla.-based cooling fan systems manufacturer with fewer than 30 employees put lean into prac-

tice. The company has customers around the world in the agriculture, natural resources and construction industries. This 16-year old company understands that it needs to increase its capacity with minimal investment, so it adopted select lean strategies three years ago.

As a first step, the company identified inefficient internal processes. Simultaneously, senior management made employee training a top priority. The executives ensured that everyone in the company understood the reasons for the changes and how employees could contribute to running a more efficient company.

Today, the company has increased its throughput by 63 percent, reduced its inventory by 45 percent and lead time from eight weeks to two weeks or less without expanding its workforce or capital investment. By developing rules to streamline its workflow and by reorganizing its assembly processes, the company uncovered the required resources to fuel its growth.

That said, lean manufacturing is not a simple quick fix. The successful implementation of lean strategies requires detailed planning, a commitment to learning and training and above all, an open attitude towards change.

Lean thinking requires manufacturers to calculate costs and benefits from a wider business perspective. A lean strategy may seem counter intuitive because it contradicts some traditional standard cost systems. For example, by reorganizing an assembly process, the machine efficiency may drop but a company can increase its throughput and reduce its product delivery time. As a result, a company can better serve its customers and achieve better cash flow.

Companies must also embrace change and make a commitment to an ongoing learning process. Staff training is critical to the success of lean implementation. After all, one of the biggest wastes for a company is to ignore the knowledge and commitment of its people.

Gary Loblick is the president & CEO of The Winslow Group, a business and manufacturing consulting company.