



Right First Time

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What company doesn't want to be the best in the world? Where do you not find reorganisation and investment? The pressure from low-wage countries is steadily becoming more apparent and product innovation seems to be the new buzzword. Even so, says Arno Koch, senior consultant at Blom Consultancy, merely improving products is not enough to win the battle against low-wage countries like China. Companies can actually become 'World Class' by working not just on product improvement but also on process improvement. To stay at the top as a company, you need to understand the art of responding alertly, adapting processes immediately and above all being excellent at improving; ensuring that you create the conditions which will allow you to get your daily work right first time.

Thinking in extremes

You need to learn to think in extremes to avoid pricing your company out of the market, says Koch: "Decide what you want to achieve in your company and learn to innovate well and fast. Do some retro-reasoning by asking: what do I need to ensure that I attain my goal, and above all don't explain why it's not possible. Innovation is vital. An important condition is certainly that the underlying process runs well and that products can be quickly adapted." Getting it right first

time is also vital. The 'zero defect' approach demonstrates the major difference in vision between Eastern and Western companies, Koch believes: "In Japan a product must always be perfectly within specification, and a situation which allows products to be outside spec may simply not arise. The Japanese try to tackle problems at their roots. A fault may occur once, but never again. By structurally resolving the cause of new faults, you also eliminate conditions for other faults; in time things can no longer go wrong. If you do things right first time, you have the finest quality at the lowest costs!" Many Western companies accept breakdowns during production, resulting in defects which later entail high service costs. Koch believes that the only "Acceptable Quality Level" is Zero Defects.

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Ownership ensures involvement

By considering the entire chain within a company, unreliable elements in the process are identified and then tackled. Employees from various disciplines collaborate to find the causes of problems, achiev-

ing a high degree of involvement and increasing the problem-solving capacity. The productivity of the bottlenecks can be increased by carrying out Overall Equipment Effectiveness (OEE) measurements in the workplace. Within a few weeks the OEE Toolkit can provide insight into just how much production capacity is being lost and what losses are occurring. Blom Consultancy provides the tools to improve the production process and helps the people on the shop floor to highlight the losses, set priorities and make well-founded choices in the improvement process. By making the shop floor the 'owner' of the improvement process, major involvement and a basis for change are created.

Product innovation alone is not enough

Japan's car industry is a good example of this. In the sixties, Toyota started producing cars with no superfluous items out of pure necessity. Lack of finances meant that the company could not buy any more components. However their stocks were huge. One of the engineers believed that it would be totally feasible to build cars from spares in stock. Naturally this was quite a tall order. If you need more than four thousand items to build a car, you also need total control over the entire process. But it worked, and cars started to sell again. Toyota emerged from its dip and continued

to be a 'lean' manufacturer. Today cars are produced with minimum stocks and with no superfluous items, meaning there are almost no losses. Now the Dutch automobile industry - which until recently was only interested in product innovation - wants to change. At the start of last year, the Automotive Technology Centre posed the question: "Shouldn't we too switch to 'lean' manufacturing?" Koch, just back from the Far East, countered with the question: "Will you still be in time if you start now?" TNO's help was sought and a conference was held for suppliers in the automotive sector. A presentation by Koch made it clear that if the West could grasp the art of holding as little stock as possible, a significant production increase

could be achieved. The quality goes up, the cost price down.

Excelling at improving

For Western companies it is entirely possible to win the competition battle: by not only focusing on efficiency, mercilessly cutting costs or conducting linear reorganisations resulting in loss of knowledge and support. It is precisely through introducing structural company-wide process improvement that losses on all fronts can be reduced to zero and the ultimate goal can be achieved: generating money. Western industry's fear of low-wage countries is understandable. They are still 'booming'; wages are low, employees are eager to learn and by building new factories with ideal layouts, there is no problem with

'inhibiting progress'. In the long term, our only advantage is the proximity of suppliers and clients. Because little time is lost to transportation within Europe, we can respond fast. If our company processes are geared up for it, that is. This is a priority for products such as cars, in which innovation and special requirements play a major role. The trick is to get it right first time, and fast. It's possible. By excelling at improving.■

Sources:

Automotive Technology Centre Presentation, Blom Consultancy by Arno Koch

Links:

www.blomconsultancy.nl

www.improvingexcellence.org