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What To Do When Money Becomes Tight?

Taking full advantage of TOC in a time of recession

It is clear from even a cursory glance at the financial pages of any newspaper that we are experiencing interesting times! It is precisely at times such as these that the tools and techniques of TOC become even more important. Now is the time to be prudent, to be careful with the money we have and make sure that we continue to make money now and into the future. This means having a truly robust approach to our operations, to our financial decision-making – including managing out-going costs - and developing our sales and marketing in order to keep the clients we have, and attract new clients. So what does TOC have to say about all of this?

Well firstly, TOC on its own is not enough, we have to control costs, and that means not wasting money on things we should not be doing – but how to know what we should do and what we should not? So one of the first aspects of the TOC approach to a fast advancing recession is to get our money control right and that means using Throughput Accounting for making decisions. That way we have confidence that the right decisions will be made, costs properly controlled and the right investments made.

Using the TOC applications in both operations and project management also means that through the focused use of Buffer Management we will ensure that our Lean and Six Sigma projects deliver to the bottom-line. And if we have control over our internal operations, either project driven or production, we can use the TOC approach to sales and marketing to ensure that our current clients receive the best service possible, and that we use that level of service to bring new clients into our fold.

So if you think this is the time for tightening belts then you are correct, but the time for using TOC in a holistic manner is truly when belts are tight and nothing can be wasted, including time and money.

TOC can make sure that you are not tightening your belts because you're getting thin and frail, but because you're getting fit and healthy. This is why TOC in combination with other tools such as Lean and DMAIC is so powerful when cash is the constraint.

If you are interested in how the TOC might address the current set of issues and problems within your company then think about either the Jonah Day or the new Breaking the Cash Constraint process comprising eight days of analysis and solution creation to help you ride out the storm and come out the other side stronger and ready to take advantage of the market after this crisis is over.



TOC can make sure that you are not tightening your belts because you're getting thin and frail, but because you're getting fit and healthy



A Day with Jonah!

- ◆ Those of you who have read the book *The Goal* will remember the time when Jonah called to see just what Alex was struggling with at the plant. Alex has only 3 months to turn his factory around and needs help. He turns to his old professor - Jonah.
- ◆ On the day Jonah came he walked around the plant, asked many questions, and quickly convinced the team that not only did he know what he was talking about in terms of what was holding the company back – he also knew how to move forward.
- ◆ Jonah used a simple and clear process of analysis based around the five steps of focusing contained within the TOC approach. These are:

1. Identify the constraint
2. Exploit the constraint
3. Subordinate all other activities to the needs of the constraint
4. Elevate the constraint
5. Once the constraint has been broken, go back to step 1

So.....have you ever wanted to have “Jonah” come and visit your own plant? Well now you can.

For one day, Dr Ted Hutchin - one of the leading TOC practitioners and educators in Europe and author of three books on TOC covering operations/supply chain, programme & project management and leadership/change management - will come to your company, meet your people, from the senior team to the shop floor, and ask many questions based around the first three steps of the TOC process outlined above.

He will then use the information provided to offer a critique of the current situation, based on the application of the TOC tools and techniques. This will facilitate the discussion necessary to gain consensus as to what the constraint is today, and what steps will be needed to address it.

~ If you are familiar with *The Goal*, the day will bring the book to life for you, and you may even find yourself relating strongly to the characters, seeing yourself, and your colleagues, in the story and also in the way forward!

~ With the approach described in *The Goal* you can generate business results quickly. We find that companies typically gain ten times the level of investment in TOC back within 12 months of going live. Indeed, many companies report significant gains, operational and financial, just from having the management team read, discuss and try the ideas used in the book!

The day is not limited to just manufacturing companies. Our experience at I & J Munn covers a wide range of organisations from engineering to hospitals, from job shop to project driven, from the very large to the small - so any type of organisation will benefit from this day.

The fee for the day is £ 1,750 (ex VAT and travel expenses), and Dr Hutchin will send you a comprehensive written report shortly after the visit is completed.

Breaking the Cash Constraint



What difference could the Theory of Constraints make to my company in a time of recession?

Many companies are facing immense problems today, and moving towards recession only makes life even more difficult. Building on the '4x4' process which was part of Dr Goldratt's Viable Vision approach, we at I & J Munn have developed an intensive analysis called "Breaking the Cash Constraint" to determine core issues within the company. The process comprises two sets of four days firstly addressing those issues directly affecting profitability, affecting lead time and due date performance, affecting the time it takes to launch new products and the whole area of sales and marketing. Secondly, the process develops an implementable plan which breaks the cash constraint and sets the whole organisation onto a new direction based on a sound platform.

Breaking the Cash Constraint asks that you come with your top team, typically between four to six people, to complete the two sets of four days over a three to four week period covering both analysis and solution creation.

The first set covers the core areas of business:

- ◆ operations/supply chain
- ◆ projects
- ◆ finance & measurements
- ◆ sales & marketing

You and your team will be invited to work through each area and, by using the TOC approach, develop a deeper understanding of these crucial areas and how they are impacting your business today.

The second set develops an implementation strategy for the defined areas and determines the impact these would have on the bottom-line, including a full implementation plan with timescales and relevant measurements.

So, two sets of four days analysing core issues within your company, asking the two questions "what is holding you back versus the goal?" and "what steps do you need to take, working with TOC-Lean, to achieve a far higher level of performance than that of today?" At the end of the eight days you will have agreement as to the core problems of your business, agreement as to the direction and the benefits of the solution plus an outline plan for the implementation.

Interested? Then contact Dr Ted Hutchin, who will lead the process, to arrange a meeting to discuss just how the **Breaking the Cash Constraint** process could make a difference to your organisation. You might like to consider setting up a Jonah visit first (see above), in order to set the parameters of the cash constraint process.

The fee for the **Breaking the Cash Constraint** process is £12,000 (ex VAT and travel expenses).

Thoughts from the Lean Side of Life

In recent DBR implementations in both MRO for the rail industry and aerospace manufacture we have found it necessary to link the TOC activity to certain key aspects of both Lean and DMAIC. For example, DBR demands the same working environment as that espoused by, and achieved through, a robust and confident implementation of 5S. Often dismissed as simply good housekeeping, which of course it is, 5S enables the platform for a real culture change out on the shop floor and in the offices. We at I & J Munn use a simple approach to 5S implementation which includes a short period of training and the provision of simple charts upon which to measure progress. Using 5S champions in line with our DBR implementation we quickly win approval from all within the organisation and the results of the 5S work are rapidly seen in the buffer reports.

Running in parallel with 5S we also institute a programme of TPM, starting with the constraint machine, if there is one, and then quickly moving to all the primary resources within the company. Again using simple tools, charts etc we are able to capture the key data such as MTTR and MTBF and using trend analysis can identify those machines that are likely to cause buffer violations and which therefore need to be addressed. Setting up a variety of projects linked to both 5S and TPM also gives the buffer team the opportunity to consider the impact of buffer time reduction which in turn enhances the competitive edge of the company.

So here we have two commonly used techniques, used in many companies around the world, integrated dynamically within the DBR and Buffer management system. The training is typically just one day for either 5S or TPM and the support takes only a couple of days for each before the internal team have both the knowledge and the confidence to maintain progress.

For more information about either 5S or TPM then contact Ted Hutchin on 01664 502860 or by e-mail: tedh@constraintmanagement.co.uk

Press Releases from I & J Munn Ltd

It is with great excitement that we are able to announce some achievements relating to our new product for the car repair industry, the "Lean-Flow Bodyshop Solution". This product has been developed over the past eighteen months from just an idea on a flip chart to a fully mature and successful product.

Courtesy of the ABP (Association of Bodyshop Professionals) On-line Newsletter
Dated : 21/10/08

Subject: **Academy Group achieves Gold Award**

The Academy Group was recently awarded the Lean-Flow "Gold Award" by Paul Wilson of I & J Munn for achieving consistently, in a three month period, >95% on-time delivery of the car to the customer and key to key process of less than 4 days in just over 16 weeks from starting with Lean-Flow Bodyshop Solution.

Managing Director Jason Mawdsley remarked: "It is a great honour to be the first bodyshop to receive this coveted award. It shows that the whole team here at Academy are working together to provide customers with a quality service."

Paul Wilson, Business Development Manager of I & J Munn, said: "The Academy team should be congratulated on this fantastic achievement in such a short time; they have really taken on board the principles of Lean-Flow and can provide customers with a consistent fast turnaround service level agreement."

Bodyshop Manager Kevin Savery commented: "Being recognised for our super fast turnaround whilst maintaining excellent customer service standards and quality of workmanship is what we as a team continually strive to achieve."



Paul Wilson added: "The Gold award is a major step in the direction of providing a super fast turnaround service to customers. In the past it has been very difficult to consistently ensure that you deliver on-time in the shortest cycle time possible. It is clear that the market is changing. Having a super fast turnaround alliance of bodyshops targeted at the right sector (non fault) will dramatically reduce the whole cost of the repair. Academy are the first bodyshop in this alliance."

Courtesy of the ABP (Association of Bodyshop Professionals) On-line Newsletter
Dated : 20/10/08

Subject: **Trenhams achieve Bronze membership of Lean-Flow**

The Accident Repair Sector is under pressure like never before. Work Provision customers are pushing for higher and higher levels of performance. This means that performance to the levels of the past is not going to be sufficient to survive in the future and change is going to come whether we like it or not. Customers are looking for a quality safe repair done in the shortest time possible.

I & J Munn Ltd have been working with Trenhams of Scarborough over the last few months, implementing Lean-Flow Bodyshop Solution.

Mick Trenham says: "Losing the availability of your car causes inconvenience and frustration. We understand how the customer feels and since installing Lean-Flow Bodyshop Solution we complete the repair in the time promised or earlier.

Emma, Trenhams receptionist, added: "The response from customers when you ring them to tell them their car is ready and on time is really good".

As Paul Wilson, Business Development Manager at I & J Munn, says: "It is a pleasure to present the Bronze member certificate of achievement to Mick and the Team at Trenhams for this fantastic result with Lean-Flow. Trenhams are providing benefits to the work provision customer and policy holder. Not only do they turn out a quality safe repair but also reduce the cost of those repairs by providing a fast turnaround service and delivering the car on-time to the customer - a Win-Win for all."

For further information on the Lean-Flow Bodyshop Solution, please contact Paul Wilson on 07762 164 977 or email paul.wilson@constraintmanagement.co.uk

Introductory Seminars

The dates for our next set of seminars are as follows:

The Goal Breakfast Briefing.....	8th December, 7.30am – 9.30am
Critical Chain Project Management	8th December, 1.30pm – 4.30pm
Operations Management.....	9th December, 9.00am – 12.30pm
Financial Management.....	9th December, 1.30pm – 4.30pm
Thinking for Change—Organisational Focus	10th December, 9.00am – 12.30pm
Thinking for Change—Team Focus	10th December, 1.30pm – 4.30pm
Sales & Marketing.....	11th December, 9.00am – 12.30pm
Supply Chain Management.....	11th December, 1.30pm – 4.30pm

For more details please contact the training office on 01664 502860
or email dianej@toc-lean.com