

Jeffrey Whiteacre Lean Transformation Summit March 5, 2009



Lean beginnings

- Eliminating waste and creating value
- Focus on the customer
- 。 Lean projects



- Manufacturing, supply chain, purchasing, distribution
- Suppliers and service providers
- Office

Lean projects fit company goals

- Meeting / exceeding the needs of the customer
- Cost reduction benefits
- High cost environment, pressure on margins
- Highly skilled employee base



The focus must be on the customer, the ultimate driving force

• What does the customer want?



Lean matches the business need

Original purpose,
 On-going needs, and
 Sustaining to the future



Achieving excellence within the

Supply chain, through
 People, and
 Technology

Using leveraged learning networks













Mrs. Friday's





























Gorton's: past, present, future







- Established 1849 in Gloucester Massachusetts
- Innovation leader, first to develop a frozen convenience food, national shipments
- First to introduce lean thinking to the consumer foods industry in the USA
- Mission to provide the best, highest quality frozen seafood items that surpass the consumers expectations
 - In terms of lean providing what the customer wants
- Lean & Green
- Seafood sustainability











The process – implementation strategy

- **On-going History of Improvements**
- Prior programs
 - Productivity improvements
 - Quality improvements

On-going cultural change: The Lean path
Introduced in 1998
Top down approach, employee involvement
Obtained knowledge

Lean Thinking



The process – implementation strategy

The Lean path (continued)

- Offsite meeting with salary and wage employees
 - Began to see waste
 - Supplier involvement
- Visited a lean plant



 Lean expert invited to tour the plant, questioned the current state











- Expert training
 - "Train the trainer" approach
 - Lean Enterprise Institute
- Training grants / support
- Assignment of Value Stream Managers on each product line
 - cultural changes
 - o ownership





Began in manufacturing

 "If you have a process it can be mapped, if it can be mapped you can see the areas of waste, then you can kaizen and make improvements."



Lean examples

• Also used in:

- Warehousing, inventory reduction
- Transportation, flow of materials
- Purchasing, meeting supply chain needs as
- Accounting, paperwork reduction
- Customer Service, quick response time to customers
- QA / R&D, product development improvements
- Engineering, OEM changes to match lean requirements
- Human resources, union participation / arbitration process
- Sales / Marketing, new product launch, point of difference





 Lean involvement at all levels Vice President, Operations (Lean champion) Operations, Value Stream Manager (Lean coordination throughout the enterprise) Directors within supply chain On-line managers Maintenance and wage employees (quick change-over's)











GORTONS Lean involvement at all levels

- Employees take control of lean initiatives
 They work with process on a day-to day basis, experts in their area
 - Reliance on employees to own the change





Knowledge – formal and "hands on"

- 。 Formal training
- Hands on kaizen events
- Lean built into day to day job functions
 - Questions asked:
 - How does this process or activity meet the needs of the customer?
 - Is this an action that the customer be willing to pay for?
 - Does moving / transporting / pickup or putting down materials or information add value to the process?





Examples of success

- Follow the flow of the value stream map
- Identified a product family
- Assigned a process manager as the "value stream manager"
- Tracked the changes, demonstrated the improvements and celebrated the successes



VSM, case study: *"How the supply chain was transformed"*

Supply Chain - September 1999





Supply Chain - September 1999



Supply Chain - September 1999



Supply Chain – September 1999



Supply Chain – September 1999





TRUSTED SINCE 1849 GORTONS

Things that changed – phase 1

- Delivery of materials
 - $_{\circ}$ Work with suppliers and OEM
- Eliminated make and hold
- Kanban system to trigger replenishment
- Flexible workforce to produce to customer requirements
- Reduction of inventory on hand



Miles of conveyors














Supply Chain – Phase 1



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Opportunity – Inventory & Direct Material Delivery





Solution: Make Delivery a part of the production line



Opportunity – Dry goods storage and handling

GORTONS.





Supplier help to improve process flow







Material Handling/Warehouse



















Breader & Batter suppliers

Supplier consolidation of material delivery

- Excess inventory eliminated leads to improvements
 - Over 80% less inventory on hand
 - Created lower working capital charges, and
 - Improved the inventory turns
 - Milk run, pkg supplier and oil supplier





Internal material delivery, example

- Milk runs, internal:
 - Line haulers pick up goods every 20 minutes,
 - No piles of inventory, only what the machine holds







Internal delivery – not everything is perfect!

- Material movement
 - Clever cart!
 - Ask what does your customer want, it's important in all part of the supply chain.















Finished Goods







Line Material Handling



Material Handling/Warehouse

- From 20,000 Square Feet to about 1600
- o Kanban Pull System Installed
- Supersacks vs. 50-lb Bags
- Wood stays in Warehouse Area
- 。 No Lift Trucks on Plant Floor

Line Material Handling

- 。 Employees Pull Materials to Line
- 。 Small, Regular "Milk Run" Quantities
- Takes Pulse of Line
- Helps Identify/Solve Problems







Packaging/Palletizing





GORTONS. Pac

Packaging/Palletizing

- 。 Packaging Next to Processing
- 。 Flexible Packaging System Layout
- Much Better Communication
- Ergonomics Greatly Improved
- 。 In-Line Palletizing













Supply Chain – September 1999







VSM, case study: *"How the supply chain was transformed"*





- Leadership to support the lean initiatives
- Need to start on some "quick wins" and promote lean
- Continue to dream
- Encourage Lean Advancement
 - Annual Operations Conference
 - Show Lean Importance
 - Reap Lean Dividends
 - Recognize Lean





Result: real savings



- **q** Inventory Position
- **q** Space requirements
- **q** Reduced storage cost
- **q** Warehouse consolidation
- **q** Waste elimination write off
- **q** Shorter runs
- **q** Less time in warehouse
- **q** Less movement of product
- **q** Overall costs



Result: real savings



Improved cycle time, turns
Produce to order
Product freshness – age
Improved flexibility
Employee skill base
Simplified operations process



One piece flow – make to order

- A one piece flow.....
 - Make to order
 - Warehouse storage
 - Accounting buy-in
 - No new fixed assets!
 - Flexibility with the customer – meeting their needs!





120 100 80 60 40 20 0 1st kaizen Before kaizen kaizen kaizen Today

Average change over time






Change is Good

Increasing changeover frequency

Costing plant \$300,000/year
Saving company \$3,000,000/year

Still...\$300,000 is a lot of Money
Needed to change the changeover methodology

External Work Key to Quicker Changes
Quicker Changeovers Cut Downtime



Lessons learned

- People (filmed and critiqued work)
- External vs. internal work
- Parallel Work
 - What can be done at the same time, in the future, where will we be able to save steps?
- Best practices





Carrying Costs Decreased by Over 25%





Why is lean important?

- Provides the customer what they want
- Improves Supply Chain
- Significant Cost Savings
- Enables a way to "see the waste"
- Remain Competitive





Constraining factors?

- Supply chain continuous improvement
- Focus on improvement initiatives
- Constraining your business
- 。 Growth opportunity





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