Working on What Matters

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Introduction:
Not long ago, we were invited to visit a large packaging company which had been "in Continuous Improvement (CI)" for nearly a decade. They wanted help because their efforts were not having any impact on their profitability.

Their sector of the industry suffers from substantial over-capacity, which has created major challenges for all the major players. Our starting point is an assessment in which we meet a broad cross-section of people and gain understanding of what they have been working on, how they have gone about it and what results they have achieved.

What We Found:
Conventional wisdom in this industry is that the only way to make money is to keep the presses running. Anything that slows down the presses must therefore be fixed.

With that principle in mind, the company launched a number of projects aimed at improving uptime; project teams consisting of the crews and technical people were put in place and they developed good ways of measuring performance, getting to root causes and taking corrective action. Several of these projects delivered substantial improvements in up-time.

The Solution:
In this industry, cost of raw materials is by far the largest proportion of total cost. It therefore made sense to re-focus the improvement efforts on ways of improving yield, defined as the percentage of inputs that end up as saleable product made correctly the first time.

Although it is too soon to be able to report results, this new focus has revealed all kinds of problems leading to yield loss, including:

- Lack of training
- Inconsistent procedures
- Errors in getting correct customer requirements
- Inconsistent internal information
- Standard loss factors which may lead to complacency
- Inconsistent raw materials coming from a sister plant

These kinds of problems are now being prioritized and attacked.

Conclusion:
This is an example of a well-intentioned company that did not ask what impact their projects would have on the bottom line. If that question had been asked, a much different direction would likely have been taken. As Bill Conway often said, at least 50% of CI involves working on the right thing.