

# CAN RE-ENGINEERING HELP YOUR COMPANY?

Operational Audits for identifying causes of problems

Value Analysis for selecting and developing solutions

Re-engineering for restoring and sustaining profitability

Inventories growing faster than sales? Product quality failing to meet customer expectations? Manufacturing costs eroding profit margins? Such challenges face all manufacturers and distributors today. They are internal problems, to be sure, but they are significantly compounded in a competitive global marketplace. At the core of these problems often are the very manufacturing and distribution procedures so religiously adhered to by current operations managers. Procedures usually evolve over the years, under the direction of several managers, each responding to short term issues of the moment. Few organizations have invested time to re-examine the validity of individual processes put into place to address past problems. As a consequence, procedures frequently contain steps no longer

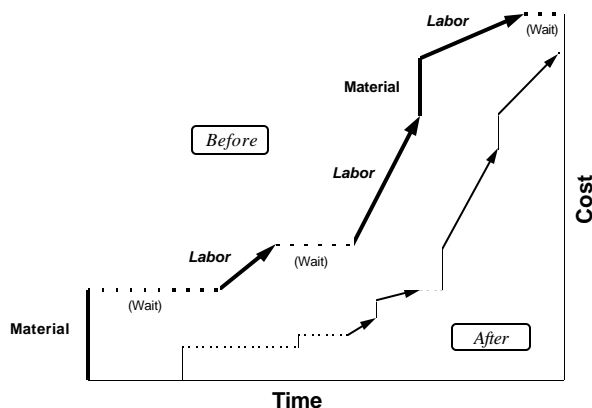
For manufacturers and distributors, an operations audit is a prudent first step when assessing current processes. However, using current managers to conduct an operations audit can yield limited results given their entanglement with the daily routine. If they developed the operating procedures, an objective review is unlikely.



David Lanners, executive consultant with LCS International, Inc. is a 20 year veteran of high-level manufacturing staff and general management assignments with major manufacturers. Those challenging assignments broadened and deepened his expertise across the many facets of operations management. His portfolio of accomplishments includes successes with Fortune 500 companies, early on as an employee, more recently as a consultant. His MBA studies at Harvard Business School expanded his knowledge of global business environments and focused his perspective on time-based competitive advantage. "A multi-disciplined outsider is a tool available to executives for a quick and effective evaluation of overall manufacturing and distribution operations," says Lanners. "Objectivity in the analysis is critical."

David J. Lanners  
His expertise across the many facets of operations management.

## Order Fulfillment Profile



Cost build-up before and after Value Analysis and Re-engineering

relevant to the process or not essential to long term profitability. Repair of those defective procedures can pay handsome dividends. How does one do it? Re-engineer the operations. What is the return? A 15% total cost reduction is common.

Corporations can survive only if they keep pace with the industry leader. The leader's position must be earned through exceptional quality in products, with minimum cost and timely delivery. In the pursuit of leadership, re-engineering of the operational process may be required. Is it costly? Corporate introspection is never free. However, the rewards can be significant for those willing to re-think outmoded processes. Typical of results are higher production levels with 60% less manufacturing inventory, 40% less time needed to make custom orders and at least 10% improvement in first pass quality.

Lanners' experience working with Big-6 consulting firms and his many years of independent consulting in this field have prepared him to lead today's companies toward the 21st century. He has seen scores of operations suffering from the limitations of outdated procedures. With his years of multi-discipline experience, he guides objective evaluation of those practices and the development of better ones.

Lanners has a keen sense for efficiency in processes. He quickly zeroes in on efficiency inhibitors. His disciplined

***A multi-disciplined consultant, steeped in the intricacies of production scheduling, inventory control, quality control, and project management, can readily identify effective and ineffective procedures.***

approach often uncovers a hidden bottleneck which had evolved too gradually to be noticed. Almost always it identifies several minor inhibitors which together hurt efficiency.

Inefficiencies in manufacturing and distribution procedures may be disguised in many ways. An overstocked warehouse may be masking a dysfunctional scheduling system.

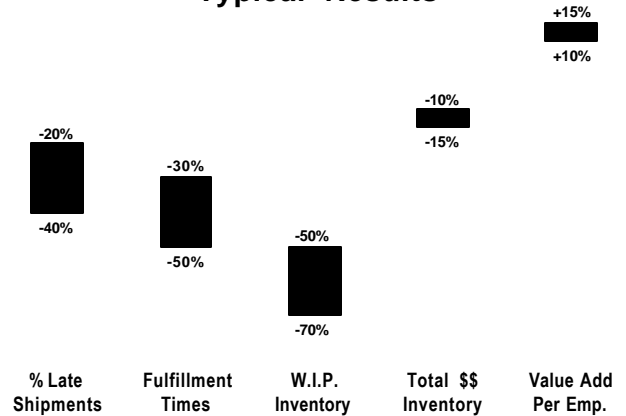
***Inefficiencies in manufacturing and distribution procedures may be disguised in many ways . . .***

Similarly, heroic customer support may be hiding workcenter bottlenecks or weak process controls. Operating problems are the source of most cash flow difficulties, and cash flow problems have no place to hide.

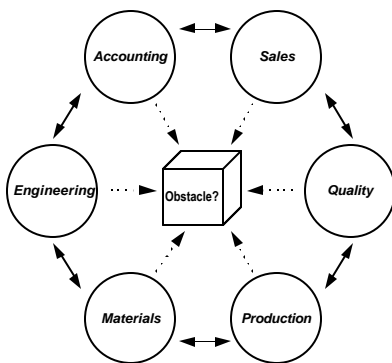
Lanners uses a five-step Value Analysis/Engineering (VA/E) approach to improve the efficiency of manufacturing and distribution processes. Value Analysis is a basic function oriented, systematic team approach to maximize value in a product, system, or service. It is a powerful methodology for lowering costs while improving performance and quality. Says Lanners, "Managers traditionally have engineered changes to processes only one piece at a time. Value analysis helps them to see alternatives that are not otherwise obvious."

input data and identify possible alternatives to existing procedures. In the *Evaluation* phase, the team selects the most prudent and most promising alternatives. In the *Development* phase, the team prepares a plan for implementing the best of the procedural alternatives. Finally, in the *Presentation* phase, the VA/E team explains the plan to those in a position to review and authorize its implementation.

**Typical Results**



**Problem - Solving**



**Multi-Function Teams for Obstacle Removal**

The VA/E approach uses a team made of up individuals from the various disciplines involved directly in or impacted by a product or process. Manufacturing and distribution VA/E teams normally have representatives from accounting, customer

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service, engineering, maintenance, order entry, production, and sales. Lanners leads this multi-disciplined team through all five phases of a VA/E job plan.

The team begins by gathering data in the *Information* phase. It then moves to the *Speculation* phase to examine the

Throughout the study, Lanners guides the VA/E team's analysis to clearly and concisely identify each of the functions involved in the process. Two-word definitions (with an active verb and a measurable noun) are used to articulate each step. He guides the team toward efficient, workable procedures that improve quality and maximize productivity.

The study often is completed in about a week. The new procedures resulting from this structured approach to process re-engineering have a high rate of acceptance because of multi-

***The benefit of improved teamwork ripples throughout the enterprise***

discipline participation. Among the benefits of the shared ownership in the new procedures is reduced time to implement due to lower resistance. The joint ownership approach ripples the benefit of improved teamwork throughout the enterprise.

If the VA/E team suggests only minor changes to existing procedures, Lanners' role is complete. The VA/E team can implement the changes using in-house resources. In some cases, however, the team prefers assistance with re-engineering of major inter-departmental processes. Lanners' background in multi-discipline process modification can help the client manage complex process changes with minimum reliance on outside resources. Comments one satisfied client, "Mr. Lanners' help with detailed analysis and leadership in the improvement of our scheduling system brought our manufacturing cycle time from 42 days to 16 days in less than four months. His help was the medicine we needed to learn how to stay alive!"