



Newsletter August 2009

Message from Chet Sadler Executive Director SRMA

The SRMA has enjoyed an excellent year of growth and participation. Membership has doubled this year exceeding 40 members. Attendance has been strong at meetings. They ranged from "How to Survive the Recession", seeking the best training for your company and receive funding from the State of-setting the cost to saving money with a Lean Mfg system. Of particular interest were the Plant Tours of local successful companies that are growing and building new facilities such as Shaw Development and Images Graphic Specialties.

A major success is the SRMA Advisory committees. These committees are made up of professionals in the Financial, Human Resource, and Lean Manufacturing areas of manufacturing. They have donated their time and skills to the organization and its members. Not only have they given presentations on specific areas of expertise they have been available with hands on advise to members in day to day issues. I would like to Thank these team members for their time and effort.

Also a Big Thanks, to you our SRMA members, your commitment creates success !!!

Message from Manufacturing Association of Florida, Nancy Stephens, Executive Director

MAF 2009 Legislative Successes

MAF had a number of victories during the 2009 Legislative Session. We helped secure \$7.3 million for workforce training programs; helped

pass legislation that: allows municipal utilities to exempt certain businesses from utility taxes in order to recruit or retain them; and helped pass legislation to hold down workers compensation insurance costs. We proposed a machinery and equipment sales tax exemption that passed the House, but unfortunately didn't pass the Senate, and supported Employer Free Choice Act, offshore exploration, a cap on commercial property tax, and much more. We also helped defeat the proposed repeal of manufacturing sales tax exemptions. The MAF's leadership in the state and their commitment to the growth of manufacturing is a stabilizing component of our industry.

Emphasis on Lean Manufacturing

This month's Newsletter will feature three articles on Lean Manufacturing. They have been written by members of our Lean Advisory Committee. The lean revolution is clearly underway within U.S. manufacturing companies, although the jury is still out on what exactly the end result of a lean initiative ought to be. Nearly 70% (69.6%) of all plants in the US have adopted lean manufacturing as an improvement methodology. What's more, lean is more than twice as popular as the next closest improvement method, Total Quality Management (34.2%). This year 5 members have made major commitments to Lean Manufacturing through training and implementation. 6 of our members already have extensive Lean systems that are saving Thousands of dollars. Please take time to read these articles carefully. SRMA's goal is to see all its members committed to Lean and making it work in their organization.

September 16th, 2009, 6:00PM at the Holiday INN on Alico Road I-75 Exit 128,
Next Months dinner meeting will be on "How to obtain and succeed in International Trade". A panel discussion with The Sr. Vice President of International Trade & Business Development, Senior International Trade Specialist Tampa Bay Export Assistance Center, U.S. Department of Commerce and one of our Own successful international trade expert members.

Implementing Lean Manufacturing in a Tough Economy

In tough economic times, clearly a company's top priority is to survive. Often, if a company has not laid-off any employees, they are doing "well". In a depressed market, it may not seem like the time to implement changes but often this is the perfect time. Economists tell us that the companies who prepare sufficiently for the economy's upswing are the most successful when the economy does finally get better.

So, now is great time to implement the concepts of *Lean Manufacturing*. Briefly, *Lean* is a manufacturing strategy that seeks to eliminate non-value-added activities to streamline efficiency and output. Some of the concepts of Lean include standardized work, visual controls, set-up reduction, floor layout and many others.

One of the first concepts is called "5S" (Sort, Set-in-order, Shine, Standardize, and Sustain). 5S helps to get organized and to de-clutter ("a place for everything and everything in its place"). Most

companies have areas that can use some de-cluttering and usually get a big return just from 5S.

Another concept of *Lean* is Flow. In slower times, it is valuable to reassess the floor layout and look at wasted motion and travel distance of parts and people. It can be very enlightening to do trace the steps and see where the wasted motions appear.

What makes *Lean* so effective is that companies can grab a lot of low hanging fruit and get a lot of pay back from little investments. However, *Lean* can get deep into a manufacturer's process through tools like Value Stream Mapping and Kaizen events.

For more information about *Lean* contact Neil Kagan Project Manager
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This Is Not Your Father's Lean Manufacturing

Lean manufacturing is traditionally considered an approach to improving operations on the factory floor. No longer should it be confined only there. Non-production areas are equally critical in delivering value to customers, and deserve continuous improvement attention.

"Office" type activities, from request for quotes, to engineering design, to order receipt and entry, to release to the production floor, can typically consume more time than actual production. Unfortunately, we often are unable or unwilling to recognize the process-nature of non-production business processes as a priority for improvement. We continue to endure and work-around office inefficiencies, despite the essential dependence of production on pre-production functions. Why? Primarily because the flow of information in the office is not visible as is the flow of material in production. Therefore, we generally neglect to study, measure, and improve office processes.

Lean manufacturing is a proven means for reducing cycle time and cost by eliminating inefficiencies and process waste. We must make non-production processes visible. One way to do this is by using the Value Stream Mapping tool to help us "see" material and information flows, and opportunities for eliminating waste.

A key understanding is that "process is process", that is a series of activities that consume resources to create a service or product of value to a customer. Lean manufacturing concepts and tools can and should apply to all business processes, regardless whether the result is information or a tangible product. In this way, we can ensure continuous improvement throughout the company as we strive to minimize waste in meeting customer requirements.

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Management's Role in Achieving Process Excellence

by Steve Engelman

Typically, the most effective leaders in an organization exhibit the ability to balance strategic, financial and process thinking. A key element of process thinking is embracing the belief that everything is a process with inputs converted into outputs. Further recognition must be given to the premise that all processes contain variation and non-value-adding activities, or waste.

The popular management system philosophies of Six Sigma and Lean are designed to minimize variation and waste in processes throughout all functions and levels of an organization. Subsequently, many organizations are realizing significant benefits from combining and internalizing these traditionally independent philosophies to create a culture of excellence.

Within a culture of excellence, and to achieve true improvements focused on delighting customers, consider the following statements:

- 1) To produce products or services consistently over time.
- 2) To produce products or services meeting customer expectations.
- 3) To produce products or services most economically.

When asked to prioritize this list, managers typically indicate statements 2 or 3 are most important. After all, if an organization is not satisfying customers while minimizing costs its very existence will be questioned. However, if process outputs are not consistent and predictable over time, validated by statistical analysis, then promises of customer satisfaction while minimizing costs cannot be made. (Figure 1)

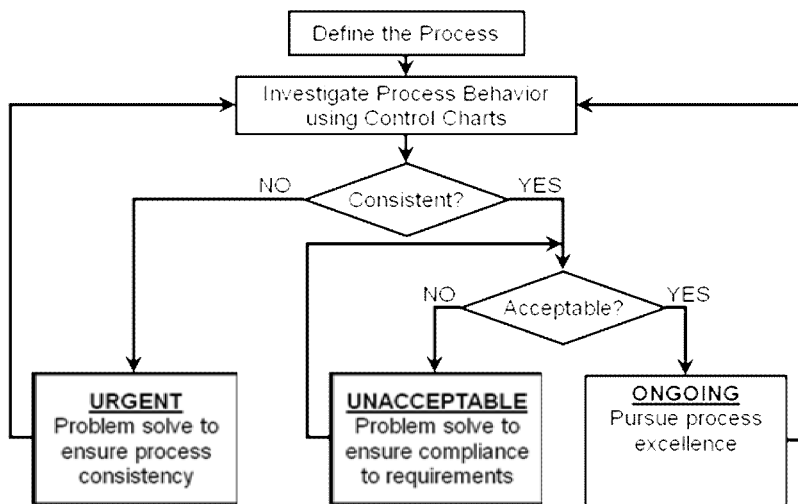


Figure 1

Problem solving is a task focused on identifying and eliminating root causes of variation due to differences in materials, equipment, methods, measurement, people and the work environment. Observant managers recognize people represent only one-sixth of these input sources, yet most corrective action targets additional training. Broader thinking is mandatory.

Management's role in achieving process excellence requires embracing these beliefs while enabling and empowering others to do the same.

Building a foundation on these principles increases an organization's likelihood of success and survival.

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Sales in a Down Market with Better Relationships

For many of us, our sales are not what we would like them to be. Not too long ago, our best sales performers were the receptionists. Customers were not asking how much; but how soon. Demanding better sales performance from our remaining Reps is only part of the solution.

With all the talk about a weak economy, healthcare reform and financial welfare, it's easy for Reps to fall into the medical mindset of needing a "crutch" to generate sales. By crutch I mean excuses such as: "I need new marketing material the stuff we have is old"; "I need better qualified leads, we should do more marketing"; "I need more samples, no one is going to buy without a sample"; etc. All of those things are to some degree or another true, and if you have an unlimited advertising and marketing budget you could go out and make that happen. But it may not improve your sales that much.

When times are difficult people rely on other people they know and trust. Your Reps can be more effective without a crutch by talking with your customers and learning more about what's happening with their business. In the very old days, a three martini lunch with a client meant you were friends for life. Gratefully those times have changed.

Your Reps don't have to be drinking buddies with clients to get to know them. Ask them to communicate with their clients. Reach for that understanding that will set them apart from the "order takers". Demanding that your Reps make better relationships will generate better sales.

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Explanation of Murray Case – And its Effect on Comp Rates

Florida workers compensation attorney fee reform has been a great source of debate among politicians, business owners and attorneys in the state in recent years. In 2003 the Florida legislature enacted comprehensive workers' compensation reform which benefited Florida's manufacturing industry greatly. As a result of this legislation, workers' compensation rates declined in Florida, some as much as 60%, taking the states workers compensation rates from some of the highest in the United States to some of the lowest. The main drive of the reform was the ability to reduce attorney fees by establishing fees that are based upon a percentage of the benefit obtained and eliminating fee based upon an hourly rate in workers' compensation cases arising after October 1, 2003.

Then came the case of Murray v. Mariner Health and ACE USA. As a result of this case, in October 2008, the Florida Supreme Court eliminated the statutory caps on attorney's fees. In that case, the

petitioners argued that the 2003 reforms made it tough for workers to an attorney, especially in cases that would generate small attorney's fees. They argued that the reforms deprived injured workers of their right to access the courts, due process, and equal protection of the law. Many workers compensation carriers were poised to readjust claims, and prepared for significant rate increases.

Much to the dislike of manufactures and business owners statewide, a 6.4 percent workers' comp rate increase based on the anticipated impact of the ruling, with more certainly to follow. However, after an intense business friendly lobby campaign, lawmakers pushed through legislation to reinstate the caps, and for the near future, Florida workers compensation rates will remain competitive.

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