

The Beauty of a Well Executed Plan

Make you plan! Work Your Plan! Meet Your Numbers!

Meeting a plan is a thing of beauty and should not be accomplished by accident. Too much energy is wasted within organizations reflecting on failed executions rather than planning on going forward. Here are some solid management techniques that will help avoid you from becoming a professional variance manager.

The core of meeting your plan revolves around your **Capacity and Staffing Plan (CSP)**. Typically, I create my CSP outside of the system in an Excel spreadsheet. Within my CSP it contains all of the sales forecasts and break-downs manpower available and requirements for my various value streams. Your CSP needs to look forward for 3 months. By looking forward you are able to plan for human capital adjustments, re-assignments, cross-training etc. It will also allow you to make calculated decisions about overtime requirements etc. Your CSP will also allow you to look at your prior month's performance to plan to define your demonstrated output. The CSP is your first cut at converting dollars into units, units being what makes sense to the organization.

Your CSP is a very powerful document from several perspectives. By completing your CSP within the first week of the month and review with the organization's Leadership team allows you to review the following:

- Accuracy of forecast to actual
- Calculation of demonstrated Takt time vs plan
- Pro-Active Manpower planning
- Impact of new Product/Program introductions
- Improvement strategies
- Promotional opportunities

Associated support systems that can either feed or be fed by your CSP are;

- Plan For Every Part (PFEP) ... to recalculate your Kanban and storage requirements
- Plan For Every Machine (PFEM) ... should machines be PM'd or capacity enhanced
- Plan For Every Employee (PFEE) ... impact of scheduled training
- Product/Program Realization

Once the plan has been agreed to by the entire team it is time for execution. The targets need to be defined in a granular manner and communicated to the organization through the use of Daily Report-Outs published [09/01/2006](#). In essence you have now distributed accountability to the folks That actually are tasked to help you make and meet plan.

Although your Report-Outs deliver many tangible and intangible Benefits an integral element is the use of "Run Charts". Your Run Charts need to track the same items that you are measuring within Your CSP.

Developing your initial CSP requires some significant effort, but once established is a great planning and review tool.

"Unless you try to do something beyond what you have already mastered, you will never grow."

Ronald. E. Osborn

Where Lean Thoughts can become Reality

Engineering your way out of the recession

The following is a blog post from our great friend Mike Shipulski, a great Lean Design engineer!

Like you, I have been thinking a lot about the recession. We all want to know how to move ourselves to the other side, where things are somewhat normal (the old normal, not the new one). Like usual, my mind immediately goes to products. To me, having the right products is vital to pulling ourselves out of this thing. There is nothing novel in this thinking; I think we all agree that products are important. But, there are two follow-on questions that are important. First, what makes products “right” to move you quickly to the other side? Second, do you have the capability to engineer the “right” products?

The first question – what makes products “right” for these times? Capacity is important to understanding what makes products right. Capacity utilization is at record lows with most industries suffering from a significant capacity glut. With decreased sales and idle machines, customers are no longer interested in products that improve productivity of their existing product lines because they can simply run their idle machines more. And, they are not interested in buying more capacity (your products) at a reduced price. They will simply run their idle machines more. You can’t offer an improvement of your same old product that enables customers to make their same old products a bit faster and you can’t offer them your same old products at a lower price. However, you can sell them products that enable them to capture business they currently do not have. For example, enable them to manufacture products that their idle machines CANNOT make at all. To do that means your new products must do something radically different than before; they must have radically improved functionality or radically new features. This is what makes products right for these times.

On to the second question – do you have the capability to engineer the right products? It’s always a great idea to ask for products with radical improvements in functionality, but it’s another thing altogether to create products with radical improvements – to engineer them. You must have good engineers if you are to create these types of products. It’s good if you have been able to hold onto your engineers through the recession, that’s a good start. If you were not, that’s bad — you must get some.

Designing products with radical improvements is difficult even for the best engineers. Your engineers are bright but have not been taught how to design these products. Usually they design them by instinct which is a root cause for the low hit rate and schedule misses. Everyone is afraid of falling short of the specification and missing the schedule; going after radical improvements is a scary business. It is scary because success rides on the instinctive skills of the engineer. But there is a better way. Engineers can be taught to do this work.

It is my experience that the toughest part of solving technical problems is defining the right problem to solve. Yet, we don’t take the time to define the problem well enough. It’s usually a ready-fire-aim approach to problem solving that is long on activity but short on progress. Paradoxically, the engineers must slow down in order to make faster progress. The engineers must be taught to painstakingly define the physics of technical problems using simple language (simple nouns and verbs) and simple block diagrams. This is not easy. It takes a lot of work to help (force) the engineers to shed the complexity to reveal the simple truth. And, it takes a lot of energy to calm the managers who think nothing is going on during the problem definition phase. Managers are more comfortable watching activity than watching thinking.

In these difficult times it is especially important (and especially difficult) to give your engineers the tools, time, and training to achieve radical improvements. But take comfort in an engineering paradox – sometimes slower is faster.

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