

NEW PRODUCTION STRATEGY REQUIRED FOR 21st CENTURY

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The total-quality management movement has made it apparent that new factors need to be considered in establishing a company's production- strategy objectives. The following list shows the objectives of enhancing the scope of thinking with regard to operations strategy. These are the factors that are important when a company looks at its production strategy:

- Shorter new-product lead time
- Greater inventory turnovers.
- Shorter production lead time.
- Highest quality
- Greatest flexibility
- Better customer service
- Less waste
- Higher return on assets

Each of these factors addresses competition in production. The objectives focus on the competitive aspects of being a manufacturer today. Note that low cost isn't mentioned as an objective. Keep in mind that low cost in manufacturing is a derivative of doing other things well, and the only way to be a low--cost manufacturer is to be a high quality manufacturer.

Traditionally, US manufacturing executives have pursued low cost as a primary goal. They've focused on cutting investments in technology ' new plants, equipment and information systems, on reducing direct labor costs and on cost control and managing by controlling budget variance. This has led to an erosion of the nation's optimum manufacturing capabilities.

Achieving low cost isn't an unworthy goal but pursuing the other strategy objectives is a better means to that end. It's a means that yields to the manufacturer many other strategic benefits in it\ S a direct approach to lower costs never can.

Manufacturers must accept that anything we do today can be improved tomorrow

The new production strategy objectives are a must for today's dynamic manufacturing environment because business is becoming increasingly volatile and complex, and competition, exists in global markets rather than regional or national markets.

Each of these objectives is based on a theme of continuous improvements in production. Manufacturers can no longer accept the status quo in product design, manufacturing facilities or personnel, process innovation or the ability to achieve a greater return on assets. The qualities of this new production working environment will be characterized as follows:

- *Supervisors will not be required in superior factories. They must prepare to become the managers of focused factories-within-a- factory.
- *Cell and line teams will be largely self – supervising.
- *Manufacturing engineers will design front 75% to 90% of the improvements for their factories to become superior manufacturers. The number of manufacturing engineers employed will increase sharply.
- *The cross training of workers for multiple operations will provide them with greater satisfaction and give the company greater flexibility of capacity. As the mix of demand in the market changes, employees will be able to move from cell to cell and line to line with ease. Because the value of employees to the business is enhanced and productivity gains are expected, management must be committed to apportioning a fair share of the financial

rewards to all workers.

*Personnel administration will be simplified through drastic reductions in the number of job classifications made possible through cross training.

*Cycle time of jobs will be shortened to make jobs more productive. Job enrichment will be provided by cross training employees and frequently rotating jobs within a work team.

*Computer systems, like the factory, will be designed to work smarter, not harder.



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