

---

# SPEED TO MARKET

A Newsletter for  
Job Shops–Niche Manufacturing–Focused Distribution Systems  
Published by Delta Dynamics Incorporated  
Fall 2004

---

Printer Friendly Version  
Feature Article

## Excerpts from an Interview with the Ohio Manufacturer and Contractor on Lean in Job Shops

---



**Ohio Manufacturer and Contractor:** What is lean manufacturing? What does it do and why should companies adopt it. What are the benefits?

**Vincent Bozzone, Delta Dynamics Incorporated:** Lean manufacturing is a philosophy as well as a collection of concepts and methods that can enable a company to produce more efficiently with less waste. Depending upon the type of facility, benefits can include less inventory, fewer delays in the production process, faster throughput, greater employee involvement, and many more.

Lean is most effective when it is employed as a way of thinking and operating as opposed to a program that has a limited duration. A key concept is continuous improvement, which means a never-ending search for ways to do things better, faster, cheaper, and with less waste.

It's important to point out, however, that that lean manufacturing has its origins in the Toyota Production System and therefore is particularly applicable to mass production operations. This does not mean job shops and custom manufacturers cannot benefit from lean ...they can, but it must be modified to take the particular differences of these types of businesses into account. This is a primary reason I wrote *Speed to Market*...I saw too many uninformed people trying to force mass production lean on manufacturing systems where it does not fit, and creates more problems than it solves. It's the old story of having a hammer so everything looks like a nail.

**OMC:** I've heard there are five principles of lean. Please enlighten me on this with a definition?

**VB:** Womack and Jones, authors of *The Machine that Changed the World*, and pioneers in the lean movement, identify these principles:

1. Specify value from the customer's point of view—what does the customer perceive as being valuable and willing to pay for vs. what the enterprise believes is valuable.
2. Identify the value stream—that is, all the steps and activities required to convert customer demand into supply. Once the value stream has been identified, there are techniques for analyzing it and eliminating non-value adding activities.
3. Make value flow—this involves eliminating the stops and starts in the production process so that products flow smoothly throughout.

4. Let customers pull value—this implies tying production to real demand as opposed to forecasting demand and building inventories “on spec” so to speak.
5. Pursue perfection—this is central to the ethic of continuous improvement.

**OMC:** Vincent, tell us a bit about your book, *Speed to Market: Lean Manufacturing for Job Shops*. What is the main idea, what does it cover, and who would benefit from reading it?

**VB:** I tried to make the title descriptive. "Speed To Market" refers to the need for job shops and custom manufacturing companies to deliver to customers more quickly—essentially to cut lead-time. The ability to cut lead-time, or reduce customer "wait time" as I call it, is essential in today's competitive business environment. Cutting lead time is the essence of lean manufacturing in a job shop environment, and ranks on a par with cost and quality when it comes to competitive positioning.

Job shops are truly service companies, but this may not always be recognized because the focus tends to be on the products and technology employed. However, those companies that truly understand they are operating a service business will be in the best position to exploit speed as a competitive advantage to grow their business and make them more profitable.

I should also mention the book is written specifically for owners and managers of these types of companies. It describes how to cut lead time, and shows the financial benefits that result from this strategy. *Speed to Market* is a guidebook that provides a road map for cutting time out of every step in the process, starting with a customer's inquiry all the way through to shipping and converting accounts receivable into cash. I refer to this process in a shorthand kind of way as a "quotes to cash."

**OMC:** How much faster can a company expect to ship as a result of your approach?

**VB:** That depends, of course, on the company's situation, top management's commitment to improvement, their ability to manage change, and other factors. Ken Rizner, head of [Hyde's Industrial Blade Solutions Division](#) estimates that cutting 75% or more off the time from customer contact to product delivery is reasonable for companies that have never implemented any type lead time compression effort. A shop that typically requires a 3-month lead-time can reduce that to 3 weeks, for example.

**OMC:** I'm sure that many managers will find this degree of improvement hard to believe.

**VB:** That may be, but let me point out that the focus in business has traditionally been on reducing task time because it's generally paid for by the hour and productivity has a direct bearing on profitability. The focus for reducing lead-time is on process or chronological time, which is different. These costs can be huge...and hidden. Everyone knows what happens to bottom line profitability when a company reduces labor costs or overhead, but what is not obvious is how many orders you lost last year because somebody else could deliver to your customers faster. You'll never know, and those lost sales and lost profit dollars will never show up on your income statement.

**OMC:** Why is cutting lead time so important? What is the relationship between lead time and increasing profits?

**VB:** A company that is able to cut lead time will increase sales, reduce costs, increase productivity, improve margins, accelerate cash flow, and increase effective production capacity all at the same time. Cutting lead time will have a positive impact on each of these factors. *Speed to Market* is based on the proposition that an organized, company-wide approach for

reducing lead time is the single most effective strategy you can adopt to strengthen your company's competitive position, improve profits, and secure the future of your business.

**OMC:** It sounds like you've gained a lot of insight as a result of your many years of consulting experience. What made you decide to write this book?

**VB:** The book evolved from a series of articles published in the *Metal Fabricating News*. Reader response to the series was very positive and that encouraged me to develop these ideas in more detail. A book seemed like a natural next step.

I also wanted to write a book that was specific to managing a particular type of business as opposed to a more general management book. Management books that talk about "manufacturing" as if it was all one thing frustrate me. The fact is that a job shop has a different architecture and is managed differently from a discrete mass production manufacturing businesses, which is managed differently from a continuous process operation. The distinctions and implications among manufacturing systems are significant, and must be understood before you go about introducing improvement programs.

For the complete interview, contact The Manufacturer's Group, P.O. Box 4310, Lexington, KY 40544  
Phone 800-264-3303 or email [editor@industryresearch.com](mailto:editor@industryresearch.com)

---

## Upcoming Events

---

**October 26<sup>th</sup>...**

**Dayton Tooling and Manufacturing Association**

For Information [www.dtma.org](http://www.dtma.org)

**November 9<sup>th</sup>...**

**Detroit Chapter National Tooling and Machining Association**

For information (248) 682-7610 or E-mail [ntmadetroit@aol.com](mailto:ntmadetroit@aol.com)

***Changing the Ground Rules—Cutting Lead Time in Job Shops  
and Custom Manufacturing Environments***

Presented by Vincent Bozzone, President, Delta Dynamics Incorporated

---

*The only thing worse than training employees and having them leave is not training employees and having them stay. Zig Ziglar*

---

---

# A Towering Achievement

---



[Superion, Inc.](#) designs and manufactures quality hard metal cutting tools and industrial knives for global markets in its high tech facility in Xenia, Ohio. On a recent visit to deliver a *Speed to Market* training program for cutting lead time, I toured the floor with Superior's President Al Choiniere, and noticed a large number of empty trays in their shipping department. These trays are used to transport work-in-process from one operation to the next until the work is completed and shipped. I mentioned to Al that it might be a good idea to remove the trays from sight because they represented a clear signal to the workforce that the backlog was down. A dwindling backlog typically leads to production people stretching out the available work which then has a negative impact on costs and productivity.

A couple of days later I received this email from Al:

*Do you recall the towers of empty trays in our shipping department? By Friday afternoon (after you left), we had accumulated three towers at least 10-feet high!*

*At first I thought about what you said about the shop floor guys slowing down knowing that there isn't much on the floor. I looked at hiding the trays - but then...I thought, what a great idea it would be to put all the empties in the sales department. Three towers 10-feet tall with notes to the sales department "What are you doing to fill the trays TODAY?".*

*I did this Sunday so the impact would hit everyone first thing Monday morning. Even before our sales team arrived, the shop had seen what I did. It was electrifying! The shop knew sales would have to do something about all those empties.*

*By Tuesday afternoon one tower was gone. As of this morning, we have one tower left about 6-feet high. Our sales department said they are committed to having all trays filled by tomorrow!*

*I have advised our shipping department that no more than 15 empty trays are allowed in the shop at any time. Any trays over that are to be returned to sales. What a positive visual tool this has turned out to be!*

**Some obvious questions**— How does your workforce monitor backlog? What information are they using, and how does a falling backlog affect your productivity and costs? What can you do to manage backlog more effectively?

Note that cutting lead time will result in smaller backlogs as work flows through the shop more quickly. Production workers must understand that a smaller backlog (compared to past levels) does not mean they are running out of work. Applying *Speed to Market* concepts and methods to your organization can be the difference between becoming more competitive, or falling by the wayside. Call us today at 248-333-0482 for a straightforward conversation about your business situation, and how we can work with you to achieve your objectives.

---

# Can We Blame it All on the Chinese? A Tale of Two Shops...

---



We have reported previously on the demise of the tool and die industry nationwide, and particularly in Michigan ([Speed to Market January 2004](#))

About 4,000 — one-third — of the country's tool and die shops have perished since 2000, wiping away 100,000 jobs or more, according to the National Tooling and Machining Association, an industry trade group. In Michigan, more than 16,000 tool and die jobs have disappeared since 1997, according to the state labor department. ([Detroit News Sunday, July 11, 2004](#))

The blame for this demise has fallen largely on unfair foreign competition, but to what extent is this situation a product of our own shortsightedness, unwillingness to adapt to change, and unwillingness to reinvest in the business during the good times? What responsibility do the owners of these businesses share in the demise of this industry?

A recent article in the *Detroit News* sheds some light on this question. It compares *Interstate Tool & Die* which is shutting its doors after 77 years with *Ronart Industry*, which is still alive and kicking.

The difference between Interstate and Ronart? See for yourself in this article, [Tooling Craft Rapidly Vanishes](#) (<http://www.detnews.com/2004/specialreport/0407/11/a01-208777.htm>)

---

## Is Your Company Up to Speed?

We know more about how to profitably grow order-driven businesses than anyone on the Planet...Bar None! Our exclusive *Speed to Market Technology* is specifically designed to improve performance and profitability in these types of businesses. It is anchored on a foundation that includes:

- ✦ A powerful horizontal management model
- ✦ A strategy for cutting lead time from "quotes to cash"
- ✦ A non-bureaucratic continuous improvement method

The net result? **More money in your pocket!** More sales, less cost, accelerated cash flow, more capacity, better quality, and less rework—all at the same time! Browse our content rich web site to learn more about what we have to offer, and how we can work with you to help your business grow and prosper in today's increasingly demanding and competitive business world. Then contact us at 248-333-0482 or [ddilink@aol.com](mailto:ddilink@aol.com) to put *Speed to Market* to work for you.