

## **Lean Transformation Case Study Overview – Applying Lean / TPS Organization Principles in a Product & Plant Launch Scenario**

### Business Case / Situation

An industry leading auto manufacturer wanted to improve its new product and plant launch performance to meet or exceed that of the competition. The manufacturer was looking to achieve a faster launch to full volume, significant improvements in finished vehicle first pass yield and product quality, and more competitive labor costs. As the manufacturer had been implementing an enterprise-wide lean initiative for a few years prior to the launch, they also wanted to assure that key lean principles and methods were built in to the new plant and processes.

Given the manufacturer's past successes with lean and how they were achieved, they were fully aware of the need to design build a collaborative, problem-solving launch organization in order to enable reaching their aggressive launch targets. This lean principles-based organization must be capable of rapidly identifying and solving issues with the processes, equipment, and product, as well as being proactive in discovering and minimizing quality risks and process waste. The launch organization structure would also need to be cross-functional across a wide spectrum, as issues raised during a new product and process launch can come from a number of sources

The major performance goals of the launch were:

- Achieve a 30% more aggressive launch volume curve
- Reach internal benchmarks for Finished Vehicle Quality (First Pass Yield)
- Establish the internal benchmark in Labor Cost (Hours per Unit)
- Meet or exceed all safety targets

### Approach

The guiding principles behind the Lean Transformation approach are always the same: Apply world-class lean manufacturing principles to the project at hand, educate all affected personnel in the principles applied, work side-by-side with the client to drive the project to meet its goals, and make performance transparent. In this case, developing the right organization structure was absolutely necessary to align the many launch team members to achieving the performance targets and to significantly reduce the lead time for problem solving.

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## Lean Transformation

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The highlights of the approach were:

- Apply world-class lean organization design principles in the launch organization structure:
  - Define and develop collaborative, cross functional launch support teams for each manufacturing business unit in the new plant
  - Structure shop-floor operations teams to be represented in the cross functional team and to drive collaborative problem solving at the source
  - Install transparent local measures and problem tracking methods in each business unit
  - Perform daily Gemba performance review and problem solving meetings
- Define common, shared targets among all launch team members; use policy deployment to cascade targets and measures to every level of the launch organization
- Develop root-cause problem solving skills throughout the organization
- Develop collaborative skills and lean-based leadership skills through training and coaching, with emphases on Gemba Management and transparency

### Results

With improved collaboration, new problem solving skills, and world-class lean organization principles, the manufacturer achieved a successful launch. Some of the results:

- Met or exceeded all launch performance targets:
  - Launch volume targets met
  - Established internal benchmark for Quality (First Pass Yield)
  - Established internal benchmark for Labor Cost (Hours per Unit)
  - Exceeded Safety targets
- Reduced the lead time to resolve issues through rapid, on-the-spot problem solving
- The launch organization structure became a baseline for future launches across the company; additionally, the same lean organization design principles were applied to develop the standard organization structure for all plants world-wide