

By Andrea MacDonald

Smith Snack Service, Newfoundland

Sandwich manufacturer realizes benefits of reducing operational fat

You would not think going lean would be something a sandwich manufacturer would get excited about, but Smith Snack Service Ltd. of Newfoundland has seen lean manufacturing take a big bite out of its production inefficiencies.

Jason Smith, President & General Manager, Smith Snack Service, is a lean believer. He had been introduced to lean several years ago through manufacturing shows. When it came time to improve processes in his own plant, Smith decided to learn from the expertise of others involved in lean manufacturing. His contact with the CME provided him with that opportunity.

Smith asked Sean McCarthy, Vice-President, CME-Newfoundland & Labrador, to come out and take a look at his operations. McCarthy had many helpful suggestions that Smith implemented. "Once we were exposed, we realized there was so much work to do," says Smith.

Rather than take it a step at a time, Smith says he has started to do everything at once. Currently, Smith Snack Service is in the process of changing its production table and going realtime with its slicers. In addition to changes in his production procedures, Smith is also implementing lean in his accounting and inventory systems. He has implemented a new system for his trucks that allows him to keep orders current by re-evaluating sales each week. There is little or no waste because his inventory and production are adjusted weekly.

Smith has made good use of the expertise available to him through CME. He has attended CME seminars on lean and has recently joined the Newfoundland and Labrador Lean Manufacturing Consortium. In addition, McCarthy has visited the plant several times and provided advice to Smith. After each visit, according to Smith, "I end up turning the plant upside down again."

The changes have paid off. In the past year, Smith Snack Service has grown by 11% with a 57% improvement in profits.

The company is operating more efficiently than ever. Last year, Smith says the company was operating at capacity - he could

not increase sales because there was no room to increase production. Smith thought he was going to need a new facility. This year the tables are reversed. Due to the implementation of lean manufacturing, the company has shown a marked improvement in efficiency. "We were at capacity, producing 8,000 pieces in an eight-hour shift. Today, we are producing 10,000 with ease, with no additional employees," says Smith. Smith Snack Service does not need a new plant, although Smith says that, as a result of what he has learned from lean, if he does build a new plant, it would be a better design - something smaller and more efficient.

Like most lean devotees, Smith agrees that it is critical to have employee buy-in if lean is to succeed. At first, Smith's employees were worried that greater efficiency meant fewer jobs. "I made it clear to my guys that layoffs were not an option," says Smith. Once the employees understood that the purpose of going lean was to increase operating efficiency in order to grow the company, reaction was positive. Smith has told his employees that, if the plant continues to operate more efficiently and profits continue to increase, he will look at a profit sharing program.

Smith is also spreading the word about lean through his supplier network. Because he has established relationships with many of his suppli-



ers, Smith says he encourages them to become part of the process. "They have seen the benefits and have become believers," comments Smith. In certain cases though, as Smith's Snacks needs have changes, it has been necessary to find suppliers that are better able to meet the needs of the company.

Smith's long-term plans for his company include a move to markets throughout Canada. Being located in Newfoundland, Smith knew that the greater distance to the major Canadian markets would result in increased shipping costs. This would require him to be even more competitive than a mainland company. "I know that, if I plan to get off the island and move into other parts of Canada, I need to be more competitive," says Smith. He is counting on lean manufacturing to give him that edge.



Terra Footwear, Newfoundland

Footwear manufacturer continues its lean journey one step at a time

Terra Footwear of Harbour Grace has long been known as a producer of top quality safety footwear. The company operates two technologically advanced shoe manufacturing facilities. Terra has implemented lean manufacturing in order to stay competitive and to give the boot to inefficiencies in its operations.

David Haire, Production Manager is no stranger to lean. Coming from an automotive company where lean processes were standard, he brought some valuable knowledge with him. Terra has been involved with lean manufacturing for some time, and had made significant advances, but there were still lots of opportunities for improvement. The company manufactures 1,600 pairs of safety boots, shoes and winter boots per day a significant output. But with increasing competitive pressures from market worldwide, Terra knows that cutting waste and streamlining operations can keep it a step ahead of the competition.

"We have done some cellular manufacturing, visual management and kanban," says Haire. Currently the company's focus is on reducing handling and increasing organization through labeling and mapping. Haire refers to it as "a place for everything and everything in its place." While it is hard to put a dollar figure on these changes, Haire says that there is no doubt the plants are running more efficiently.

According to Haire, one of the key elements in the successful adoption of lean principles is to have top management fully understand and support lean. "Often people tend to grab pieces and not complete the full process to the point where it becomes part of your business culture," he says. Terra has conducted several Kaizen blitzes that have led to innovative ideas and garnered employee acceptance.

Haire believes that it is critical for companies to understand how people fit



into the puzzle. The employees are the driving force behind lean and only with their buy-in will it be possible to see a shift in culture. "If it is management driven you are stifling creativity. The people on the floor are the experts," says Haire. At Terra, the management sets the objective but it is the employees, through brainstorming sessions, who determine the solution. There has been no resistance to the implementation of lean processes, and employees have been enthusiastic and eager to share their ideas. Haire believes that, once the reasons for change are explained, employees will see the benefit and jump on board.

To that end, Terra has invested significantly in employee training. Every employee has taken part in *Lean 101*, a program offered through CME. The company is also part of the Newfoundland and Labrador Lean Manufacturing Consortium. Haire believes the consortium, which is a relative newcomer to the

CME stable of consortiums, will serve as a valuable resource. The group provides companies with the opportunity to share best practices and ideas. The companies also conduct visits to each other's facilities. "If someone is leading in 5S, we go and see what they are doing," says Haire. That kind of practical, real-life knowledge can be invaluable when putting lean into practice back at home.

The next step, according to Haire, will be to get to a place where all departments focus on the big picture. Terra is a piecework plant, where one department is not necessarily concerned with the other departments.

"We need to get to where we are not all piecework driven so that we can avoid overproduction," says Haire. This point was made during a recent lean exercise that involved employees working in teams and building airplanes with LEGO. It allowed the teams to get a sense of the entire production flow, and

to see the importance of each department working in concert with the rest. As Haire succinctly put it, "Sometimes you have to slow down in order to speed up."

Terra Footwear is an outstanding example of lean manufacturing at work, but the trip is far from over. Lean is a journey that never really ends, and the company will continue to make production and process improvements. After all, lean manufacturing has now become part of the business culture at Terra.

