How and Why to be an IW Best Plants Winner

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PRESENTER

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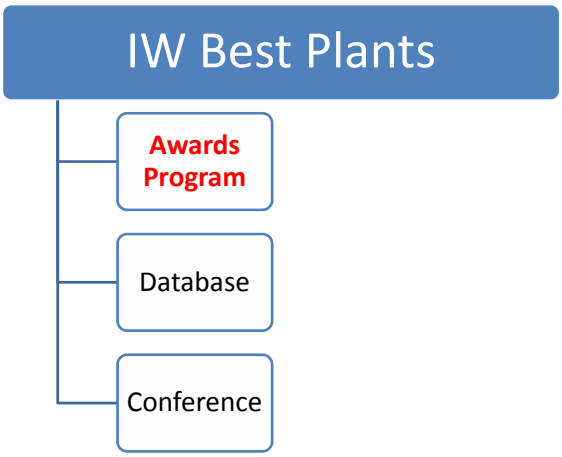
BEST PLANTS OVERVIEW

- **Background**
- **Timeline, eligibility, judging process**
- **Application, finalist performance**

ABOUT IW

- **Circulation: 125,000 U.S. mfg. decision-makers on the print publication**
- **Website: www.industryweek.com**
- **Conferences: www.iwbestplants.com**

IW Best Plants Family Tree



IW BEST PLANTS PURPOSE

- To **recognize** plants that are on the leading edge of efforts to increase competitiveness, enhance customer satisfaction, and create stimulating and rewarding work environments.
- To **encourage** other manufacturing managers and work teams to emulate the honorees by adopting world-class practices, technologies and improvement strategies

IW BEST PLANTS HISTORY

- **1990** (internal nominations)
- **1991-2007**
- **1996: expanded to Canada and Mexico**

2007 WINNERS

- **Autoliv North America-Tremonton Initiator Facility,** Tremonton, Utah
- **Batesville Casket Co.-Vicksburg Operations,** Vicksburg, Miss.
- **Blue Bird North Georgia,** Lafayette, Ga.
- **Cargill Corn Milling-Team Wahpeton,** Wahpeton, N.D.
- **DST Output of California LLC**, El Dorado Hills, Calif.
- **General Cable-Indianapolis Compounds,** Indianapolis, Ind.
- **Lockheed Martin Missiles and Fire Control at Ocala,** Ocala, Fla.
- **Lockheed Martin Missiles and Fire Control in Orlando,** Orlando, Fla.
- **Medrad Inc., Heilman Center Plant,** Indianola, Pa.
- **Rieter Automotive Canadian Carpet,** London, Ontario, Canada

ELIGIBILITY

- **Single manufacturing plant** or a combination of related facilities within a specific geographic location
- **Three years of operation** as of January 1, 2008
- **United States or its territories, Mexico, or Canada**.

TIMELINE

June 2	Deadline for nominations
June 19	Deadline for return of completed entry forms with supporting statements.
About July 31	Selection of finalists
mid-Sept.	Selection of 10 North American Best Plants pending validation visits
January 2008	Publication date for the 2008 edition of *IndustryWeek*'s Best Plants

ENTRY FEE

- $1,000 for **small companies** (< **500** employees)
- $1,500 for medium and large companies (**500+**)
- No additional fees for validation site visits.

THE APPLICATION - PART 1

- Explain why facility should be considered one of IndustryWeek's Best Plants?
- Give brief description of history and nature of mfg operations.
- Describe the products and components manufactured or assembled in this plant. Describe the flow of materials, outlining the various manufacturing processes and any unique challenges faced in producing these goods.
- Describe key initiatives and programs, and performance results that distinguish this plant as a high-performance, world-class manufacturing operation.
- Describe plant's most significant community involvement activities.
- What are the short- and long-term strategic goals for this operation?

SECTIONS - PART 2

- **Management Practices**
- **Quality Achievements**
- **Employment Practices**
- **Safety**
- **Customer Focus**
- **Supplier Partnership**
- **Technology**
- **Manufacturing**
- **Maintenance**
- **Inventory Management**
- **New Product Development**
- **Environmental Stewardship**
- **Competitiveness & Market Results**

GENERAL INFORMATION

- Publicly held __83%__ Privately held ____17%__

- Number of employees _____
  full-time and equivalent contract (including temporary) hourly and salaried employees

<100	*100-249*	*250-499*	*500-999*	*1,000+*
10%	**17%**	**32%**	**23%**	**17%**

GENERAL INFORMATION

- Year of plant start-up _____

3-5 years	6-10 years	11-20 years	20+ years
7%	13%	19%	60%

- Nature of manufacturing operations

79% Discrete 14% Process 7% Both

- Are plant workers represented by a union?

63% None 37% Some or All

Quality Achievements

QUALITY

Which of the following quality **techniques** have been extensively implemented at this facility?

Six Sigma	58%	Poka-yoke	80%
Manual SPC	61%	Plan/do/check/act	78%
Computerized SPC	64%	Failure mode effect analysis	77%
Quality function deployment	26%	DOE	50%
Employee problem-solving teams	96%	Taguchi methods	16%
Total Quality Management	73%	Advanced product quality planning	54%

QUALITY

- Current **first-pass yield**: 98.09 %
- **Customer reject rate** on shipped products (ppm): 630 ppm
- Percentage **reduction in customer reject rate** within past three years: 43.5 %

Employment Practices

EMPLOYMENT PRACTICES

- Frequency that employee satisfaction is measured per year? 1
- Number of improvement suggestions per employee recorded last year? 1.2
- Percentage of plant's production workforce now participating in empowered or self-directed **work teams**: 100 %
- Current annual labor-turnover rate: 6.0 %

EMPLOYMENT PRACTICES

- Average annual hours of **formal <u>classroom</u> training** per production employee: 20.8 hours
- Average annual hours of **formal training** per production employee: 55 hours
- Percentage of annual labor costs budgeted to training: 2.2 %

Customer & Supplier Relations

Customer Focus

- Does plant have a formal customer-satisfaction program in place? 95%
- How often are customer-satisfaction surveys conducted? 2 per year
- Are the results of customer satisfaction surveys shared with all employees? 81%

Supply Chain and Logistics

- What percentage of key suppliers provide JIT delivery? 75%
- What percentage of supplier orders are delivered on time (by request date)? 96%
- What percentage of purchased materials and components (dollar volume) no longer requires incoming inspection? 90%

Manufacturing & Flexibility

MANUFACTURING & FLEXIBILITY

- Extent to which plant adopted the following practices:

Cellular manufacturing practices	**20%**	Some	**71%**	Wide
Focused-factory production systems	**22%**	Some	**59%**	Wide
JIT/continuous-flow production methods	**22%**	**Some**	**75%**	Wide
Internal "pull" system with kanban signals	**32%**	Some	**60%**	Wide
Standardized work	**20%**	Some	**80%**	Wide
5S	**13%**	Some	**83%**	Wide

MANUFACTURING & FLEXIBILITY

- Decrease in lot sizes past 3 years: 50 %
- Reduction in order-to-shipment leadtime, last 3 years: 33.0 %

MANUFACTURING & FLEXIBILITY

- On-time delivery rate (% of time): 99.4 %
- The above on-time delivery rate is based on (select one):
  - 69% Date customer requested
  - 31% Date promised
- Reduction in manufacturing cycle time, last three years: 35%

Inventory Management

INVENTORY MANAGEMENT

- Percentage **change in total plant unit volume** within past three years: 18 % increase
- Percentage change in raw materials inventory, past three years: **-16%**
- Percentage change in WIP inventory, past three years: **-20%**
- Percentage change in finished-goods inventory, past three years: **-12.1%**

(Percentage change is based on days on hand, not dollars)

Competitiveness & Market Results

PRODUCTIVITY & COST REDUCTIONS

- By what percentage has **productivity changed** within the past three years, (annual value-added per employee)? **27%**

- By what percentage has **productivity changed** within the past three years, (annual sales per employee)? **27%**

- Approximate manufacturing cost change per unit of product shipped, excluding purchased materials costs, within past three years: **-6.6%**

MARKET RESULTS

- What is the plant's major **customer retention rate** for the past three years? **100.0%**
- What is the plant's **return on invested capital** (ROIC)*? **22.4%**

Interested in applying for IW's 2008 Best Plants competition? Visit

www.industryweek.com/iwbestplants/nominations

WHY MANUFACTURERS PARTICIPATE

"The obvious reason to apply for the IW Best Plants award is to use it as a potential tool in our sales process. However, I think more importantly, it showcases the achievements of our people and their ability to change and adapt to market trends rapidly. They make DST Output what it is today, a leader in our industry."

Courtesy of DST Output of California

WHY MANUFACTURERS PARTICIPATE

The reason behind Ocala's participation was to get an outside validation from people other than our own. We wanted to know if we had the information tools, process controls, lean practices, and most importantly the results, that are on the leading edge of other facilities in any Industry.

We are using this as a marketing tool to help as a discriminator to hire talent vs. our competition. People like to work for a leading edge company/facility. Being selected as a top 10 plant is a great selling point. We are also using this as an opportunity to bring our elected state, county, school, and economic development officials together to celebrate this with us. The publicity is good for all concerned and allows us access to people we usually do not get to meet. This education process helps both sides and allows us to explain our contributions at a local, and state level.

Courtesy of Lockheed Martin at Ocala

WHY MANUFACTURERS PARTICIPATE

Why participate in IndustryWeek's Best Plants competition?

Benefits:

•Feedback in the form of benchmarking data providing detailed performance metrics and practices

•National recognition via publicity in IW magazine, on IW's website, and at the annual IW Best Plants conference

•Public "pat on the back" to all employees for helping drive manufacturing excellence throughout the facility

Helpful Hints for Applicants

•Use footnotes wisely. Footnote unusual responses, such as an unexplained annual labor turnover rate of 24% or a customer retention rate of 50% or a big increase in warranty costs, for example. There might be perfectly acceptable reasons for any of these responses (which look negative at first glance). Help the judges understand why an apparently negative response isn't.

•Call or email with questions. I can be reached at jjusko@industryweek.com or 216-931-9311.

•Nothing can be reduced more than 100%. No exceptions to this rule. Therefore, scrap and rework costs can not have been reduced by 120%.

•Don't leave entire sections blank without explanation.

•The general statement is an opportunity to point out any exceptional programs, practices or metrics that don't get addressed elsewhere in the application.

CONCLUSION

Thank You.

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