

Throughput Focused Management



Rich Altieri,
Manager of
Business Solutions
Development

Would it have a positive impact on your sales potential, profitability and return on investment? Would processing jobs faster improve your accounts receivables and cash flow? Would shorter cycle times make your business more attractive to consumers and insurers? Would achieving significantly higher levels of throughput performance give you a significant competitive advantage?

No doubt most will have answered an emphatic 'YES' to these questions and that's great because it proves that you have a clear understanding of the potential benefits that can be gained by improving throughput!

Throughput is not a new idea by any stretch. Henry Ford introduced his moving assembly line process in 1913 and this innovative boost to throughput changed the

manufacturing world forever. Ford understood that to make his automobiles more affordable to the masses and still make a profit, he had to find a way to drive out cost while maintaining quality. Speed, quality and reduced cost became the key factors that led to his milestone invention of the assembly line process.

Following World War II, Dr. W. Edwards Deming began working with Japanese industry leaders to help them rebuild their manufacturing businesses with a philosophy focused on continuous

improvement. Fast forward to 1950 and Toyota founder, Mr. Toyoda, had just returned from another visit to the Ford and G.M. plants in the U.S. He called his plant manager, Taiichi Ohno, into his office and handed him a tough new assignment—improve Toyota's manufacturing process to the point where it equals the productivity of Ford!

That vision led to the development of the famous Toyota Production System, or Lean Production System (as it's known in the U.S.). Toyota's approach was based around keeping inventory levels (and therefore cost) to an absolute minimum while, at the same time, maximizing speed and quality. Has Toyota's approach been successful?

What would it mean to your business if you could process the average repair job, keys-to-keys, in just three to four days while your competitors take 10 to 12 days?

Today Toyota is the world's third largest automobile manufacturer, behind G.M. and Ford, and auto industry analysts estimate it will pass Ford in 2005. What's more, Toyota's annual profits for 2003 were larger than those of G.M., Ford and Chrysler combined. And on average, Toyota builds a car in 25% fewer labor hours than Chrysler, G.M. and Ford.

Now, at this point you might be thinking that this is all pretty interesting but what has it got to do with collision repair? At the beginning of this article I stated that managing throughput is not a new idea but it is definitely an idea whose

time has come in the business of collision repair. Indeed, it's already having a substantial impact on many collision repair businesses.

As world leaders in automotive finishes, PPG has made significant development and training investment in the sciences of Lean Six Sigma and T.O.C. (Theory of Constraints)—all well established approaches to throughput performance improvement. At the recent PPG Refinish Performance Summit, held in Orlando, Florida, we introduced a series of workshops directed at throughput improvements and the opportunity to focus on the subject will continue via the 2005 MVP Roundtable meetings.

There's no time like the present to begin exploring new opportunities and ensuring that your business

stands out in the crowd! Here are a few recommendations to consider:

1 Gather your people together and do some strategic thinking: Many markets are experiencing fewer accidents, an increased number of total losses and other influences that are creating a tougher competitive landscape. Try asking your people 'what are the challenges we face as a company' and, based on those challenges, 'what is most important now?'

In general, it's factors such as quality, profitability, customer loyalty, insurance relationships and employee development that will be critical to your success today and in the future. So what should your strategy be? How will you become

continued on page 14



the most attractive repairer and employer of choice? How will you measure success? How will you tailor your compensation and reward systems to reach your goals?

2 Determining your current performance and setting target performance is the key to continuous improvement. Available through your PPG territory manager and distributor, the MVP Benchmark Performance Analysis is an excellent tool that will help you identify opportunities for improvement by comparing your performance to the industry's largest performance benchmark database.

3 The MVP Collision Center Operations Manual is packed with information that can help you run a more efficient operation. You

can order one for \$100 or receive it free with your first MVP Benchmark report. If you already have one, pull it off the shelf, blow the dust off of it and share it with your management team. Challenge

each other to explore new opportunities for improvement.

4 If you haven't attended an MVP Business Management workshop for some time, do it now! These one-day workshops offer an excellent opportunity to further develop your business. You might even consider a course that you've attended before since the value of these courses goes well beyond just the content when you consider the opportunity to meet other shop



owners who share similar challenges and opportunities. In particular, the MVP Cycle Time Management course offers many tips and an insight into the best practices to achieve improved throughput.

5 Begin to study the actual sciences of throughput performance. There are thousands of books, videos and web sites on the subjects of Lean Six Sigma and Theory of Constraints.

My personal recommendations include: 'What is Lean Six Sigma' by Mike George, Dave Rowlands and Bill Kastle. This 92-page book is easy to read and most will complete it in just a few evenings. Better still, buy a copy for each of your managers, have them read it and schedule a meeting to discuss their ideas and thoughts on how these process improvement philosophies can be applied to your business. For those looking for a more challenging read, try 'The Toyota Way' by Jeffery Liker, which provides an in-depth look at the Toyota Production Process.

6 Accurate performance measurement is critical to continuous improvement. Ask your territory manager about Performance Power (P2)—PPG's new offering for measuring, benchmarking and reporting on key performance indicators such as cycle time, customer satisfaction and estimating metrics.

7 If you're not one of the 1,800 participants in PPG's *CertifiedFirst™* Network, contact your territory manager or distributor and explore how this unique program can help you grow your business in 2005 and beyond.

8 Participate* in MVP Roundtable Meetings and take advantage of the opportunity to collaborate with other shop owners and managers who collectively boast hundreds of years of experience (*subject to certain eligibility criteria).

9 Work closely with your PPG territory manager and distributor toward interdependent success. They visit with literally hundreds of shops throughout the year and through them you can gain access to the multitude of PPG resources available to you.

10 Make a strong commitment to continuous improvement and then communicate that commitment to everyone in your organization—every day. Continually ask the questions 'What's important now?' and 'What are we doing about it?' ■

Rich Altieri is a long-time veteran of the collision repair industry with over 30 years of experience. Altieri is a Manager of Business Solutions Development for PPG Refinish. You can contact Altieri by email at altieri@ppg.com.

