

OLIVER WIGHT

“Sixty-five percent of my product goes to another Leggett facility. We didn’t ever worry about forecasting for another facility and now that is a part of our way of life.”

*- Eric Rhea, Branch Manager
Leggett and Platt Carthage Plant*

MASTER SCHEDULING AND SOLID FORECASTING HELP LEGGETT & PLATT PLANT MAKE SHIFT TO WORKING WITHIN SUPPLY CHAIN

Highlights:

- Leggett & Platt shifted its plants to a network of branches in a nationwide supply chain.
- Oliver Wight’s consultant helped managers at Carthage branch see the critical importance of forecasting and inventory accuracy.
- Implementation plan included training for all levels of plant personnel.
- Plant cut costs and developed efficient customer service.
- Carthage plant achieves Class A in two years.

Founded in 1883 as a mattress innerspring manufacturer, Leggett & Platt, a Fortune 500 producer of engineered products, continues to turn out bedding at its Carthage, Missouri headquarters plant. However, the once autonomous facility has now become part of a nationwide supply chain that includes internal customers. In fact, Carthage ships the highest percentage of products to internal customers.

This structural change created delivery problems for the organization but, more importantly, it also made it more difficult to do profitable planning. Moreover, the company needed to find ways to cut costs while improving service to external and internal customers.

As Oliver Wight consultant Bill Savage indicates, “Leggett & Platt recognized that the company needed to completely change its culture from thinking as autonomous units to becoming a closely linked organization able to respond to a customer’s need within 24-48 hours. They realized that our strong in-process management education combined with our assessment and follow on programs would help their branches make the necessary changes.”

One problem area for L&P was Sales & Operations Planning (S&OP). According to Branch manager Eric Rhea, “We weren’t sure about our forecasts and we’d find ourselves running based on our capabilities rather than knowing what we needed.”

Top Management Education Starts Plant Off on Right Foot

To make the necessary changes, L&P first formed a branch management team. The group consisted of those people considered critical to an MRP II effort. Leggett & Platt then sent all team members to the Oliver Wight course entitled ERP: Achieving Class A Supply Chain Performance, a five-day seminar.

“In the seminar, we discussed with L&P managers their objectives and illustrated the areas where they could accomplish those goals within a short time,” Savage pointed out.

After setting out an implementation plan, managers then began training the rest of the staff at the Carthage facility. People up and down the line – shippers, machine operators, supervisors – took internal classes and viewed Oliver Wight videotapes. According to Jason Choate, the branch facilitator, “The classes and videos opened a lot of eyes for a lot of people.”

“The toughest part is getting people to change,” Savage added. “It is not the process or the tools that you put in their hands, it’s inside the peoples heads.”

In a supply chain, good planning and control are a must. Therefore, Sales and Operations Planning (S&OP) formed the cornerstone of the plant’s efforts. Managers had to show personnel that they all had to

plan by the numbers consistently. Doing so meant making accurate forecasts, tying forecasts to master scheduling, and keeping highly accurate inventory records.

So what were the primary changes that Leggett & Platt's Carthage Plant made to achieve its results?

- The company focused primarily on planning and control processes – the last of five chapters in the Oliver Wight ABCD Checklist for Operational Excellence.
- Plant personnel worked together in a coordinated fashion to help meld the plant's efforts with the entire supply chain.
- The company established a formal S&OP process within the Leggett & Platt supply chain.
- Oliver Wight consultant Bill Savage helped the management team maintain stability and provided the necessary assessments to keep the group on track.
- The Oliver Wight ABCD Checklist for Operational Success provided consistency throughout the company.

Carthage Plant Learns Value of Planning and Control

Achieving Class A certification through a commitment to education, planning and control, and undertaking the assessment process produced significant results at the Carthage branch of Leggett & Platt. The plant now operates with lower inventory levels and with a reduced number of obsolete products. And it does a much more effective job of forecasting, enabling it to provide solid customer service for the entire supply chain.

Choate credits Savage with giving the plant team much needed feedback. "He was the perfect guy to give me some feedback based upon his knowledge of working with other companies. He also had been helping the other branches within Leggett & Platt and he could give me a feel of what was going on with the other branches, what was working with them, what their strengths and weaknesses were. I could use that information and tailor it to fit our own needs."

Working with Oliver Wight, the Leggett & Platt Carthage plant achieved Class A Business Excellence. The results were impressive.

- A greater focus on demand management has led to a better understanding of customer requirements.
- The plant maintains a higher than 98% on-time shipping rate with less inventory and higher equipment efficiencies.
- Finished goods inventories have dropped by nearly 25%.

- Overall equipment efficiency improved 2-3%.
- Finished goods inventory levels dropped from a 6-8 week supply to a 4-6 week one.
- Productivity has improved by 2-3% due to better scheduling, quality initiatives, and continuous improvement.

What is Class A?

When a company achieves Class A Business Excellence, as measured by the Oliver Wight ABCD Checklist, its operational and management processes are being utilized effectively company-wide to achieve a strong competitive footing. The ABCD Checklist was originally introduced by The Oliver Wight Companies in 1977. It is updated at regular intervals to reflect new standards of competitiveness.

What is Sales & Operations Planning?

Sales & Operations Planning (S&OP) is an integrated management process that gives the general manager and his or her team a practical, effective way to improve control of the entire business. For a company to be truly responsive to its customers, it needs to integrate demand planning with sales forecasting, production planning, and new product development in order to insure that it maximizes both responsiveness and efficiency.

With S&OP Oliver Wight adapts the principles that for many years have made MRP II so valuable for the factory manager and applies them to the entire enterprise for the benefit of the senior manager.

For more information about Oliver Wight's consulting and educational services visit www.ollie.com.



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