

OLIVER WIGHT

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*- Gary Bayma, Branch Manager
Leggett and Platt Hoover Plant*

OLIVER WIGHT CONSULTANTS HELP LEGGETT & PLATT PLANTS MEET CHALLENGES OF INTEGRATING WITH SUPPLY CHAIN

Highlights:

- Leggett & Platt shifted its plants from autonomous production to being part of a network of branches in a nationwide supply chain.
- Oliver Wight’s consultant helped managers at Hoover branch see the importance of inventory accuracy and record keeping.
- Leggett & Platt (L&P) personnel merged the Oliver Wight effort with both an ISO 9000 and continuous improvement initiative.
- The company now has solid planning and control throughout the entire supply chain.

It used to be enough of a challenge for companies to satisfy external customers. These days, however, that requirement in many organizations has been extended to an entire supply chain including internal customers.

Manufacturer Leggett and Platt’s Hoover Plant in Georgetown, KY faced this situation. The plant, recently acquired by L&P, not only had to shift from its informal planning and control systems to formalized Sales & Operations Planning (S&OP), but was also now required to meet the needs of both internal and external customers.

Leggett & Platt, a Fortune 500 manufacturer of engineered products serves a variety of major markets. The Hoover plant, part of the company’s residential furnishings division, manufactures boxspring components and mattress innersprings.

The primary challenge Leggett & Platt needed to tackle involved shifting the company from autonomous regions to a network of branches that would link as a supply chain. To meet the changing demands of a customer-base shrinking in numbers and increasing in size,

the company now had to be able to ship any product to any part of the United States, whenever a customer needed it.

The Hoover plant itself was, by most measures, successful. As Ron Kelly, the project leader, indicated, “We had a good product and were making a good profit. But we never had anything formalized.” The lack of formal procedures, a satisfactory arrangement for a single plant run by a small cadre of managers, created problems for one working within a supply chain.

Oliver Wight consultant Bill Savage agrees. “Informal systems can work well when people get accustomed to what they are doing. They break down when the game changes significantly and communications are required to get everybody on the same page. When you’re small informal gets it done, but when you’re growing those informal systems can create a lot of problems.”

S&OP Gives Plant a System to Formalize Procedures

When Leggett & Platt purchased the Hoover plant, the facility had a history of keeping inventories under control, understanding customer demands, and staying close to its customers. Now, as the group became part of a much larger organization it was clear that it had to adopt formal systems to fulfill its new role.

In addition, the corporate parent had initiated an effort it referred to as the Triad – continuous improvement, ISO 9000, and MRP II. The company realized that to change the corporate culture it would need the help of an organization such as Oliver Wight whose strong background in both education and process control could point the way.

As with most Oliver Wight engagements, the effort began with education from the top down. All of the members of the branch management team attended the classes. As Bill Savage put it, "People had to learn what a different approach could mean to a company. We had to get the people at the operating levels to really understand how they did business today and where the deficiencies were even though they thought they were doing very, very well."

The key was establishing formal planning processes using MRP II. That enabled the plant to make the shift to being a piece of the supply chain puzzle. Ron Kelly, the project leader noted, "We needed to get everybody working on the same set of figures. We needed to get the scheduling and sales and operations planning formalized. We had been working in different areas with different numbers and no one person could look and say what we had."

So what were the major changes that Leggett & Platt's Hoover 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 had to set up explicit accountabilities with established levels of performance.
- The company established a formal S&OP process within the Leggett & Platt supply chain.
- Oliver Wight consultant Bill Savage established an assessment process to encourage people to finish what they started.
- The ABCD Checklist provided consistency throughout the company.

Oliver Wight Helps Leggett & Platt Plant Mesh With Customer Requirements

Ron Kelly credits Oliver Wight consultant Bill Savage with keeping the company on track. "I think he did a good job of keeping us on track and how we were proceeding as part of the overall plan. When you first look at the plan it looks rather large and even impossible at times. He was good at helping us through by saying, 'you are almost there, don't give up.'"

Branch Manager Gary Bayma indicated that the S&OP process made a large difference. "We got all the players together in one place with a job to go over the customer requirements, how the future looks to them, as well as any changes to their product," Bayma said. "Before we used to get these things piecemeal. We had information before but now it is better, more credible, and more accurate."

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

- Customer service is excellent for both trade and internal branches.
- The formal planning process enabled the company to make major changes while serving customers and meeting budget requirements.
- Finished goods inventory record accuracy improved 50%.
- Overall equipment efficiency and manpower productivity has improved.
- The company reduced weekend overtime and, as a result, employee morale soared.
- A focus on demand management has helped the company know what customers want and when they want it.

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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