What if…? What if you could produce more profitable results—doing more valuable work—in least amount of necessary time—with as little energy as possible.

Competing Against Time to Market

Simultaneously
On Two Continents
Shared Priorities & Teamwork
Quality 1st—Delivery 2nd—Cost 3rd

Situation

A fortune 500 U.S based global corporation invested heavily in a totally new product intended for the European market. The objective was to be a dedicated supplier of a major component to a U.S. based fortune 500 equipment manufacturer operating in Europe. The intent was to compete head-to-head with European competition. However, in midstream of putting in place the U.S. manufacturer's totally new component production plant and renovating European parts and assembly plants the equipment manufacturer backed out.

The component manufacturer's response was to go forward and offer the new product simultaneously to European and U.S. equipment manufacturers. ***This would be the first time in the company's history to launch a new product on two continents simultaneously.***

Because of delays in the development process the project was two years behind schedule. Also, the traditional ways of designing, developing and introducing new products meant it would take five years to reach normal product quality, productivity and marketplace performance acceptance. The concern was that the marketplace, competition and customers, would not accept living through the traditional five year learning and improvement curve, putting the investment at risk.

Action

A unique "Managed Introduction" idea was conceived and sketched on a napkin during a luncheon meeting to test for feasibility and support of the Product's Chief Engineer. The Chief Engineer supported the idea but did not believe top management would approve the expense associated with implementation.

The president and executive staff approved the proposed idea and $1 million budget which included regular progress reviews to make decisions for continuation based on improvement results. This idea had never been carried out before. Confidence was high it would work but it was unproven. Also, the strategic direction proposed and agreed to by

Action continued

the president and executive vice presidents, although implications of this strategic direction would not be fully known until in operation, was:

- Quality First
- Delivery Second
- Cost Third

The managed introduction concept controlled production ramp up and delivery of market demand based on reliability performance of a statistical sample of products randomly picked from production and placed on an accelerated test to gain proof of design and producibility. Problems were classified and prioritized for action. Production rate decisions were made based on the overall reliability performance and criticalness of know problems.

Also, a policy was agreed that, during pre-production no product would be shipped with a known problem. The effect was a change in culture and way of doing business within and across the business functions in and between Europe and the U.S. and Canada.

A stratified team structure was put in place to lead and manage forward. Teams included a cross functional strategic planning team, European and U.S. cross-functional implementation planning teams, European and U.S. project management teams and European and U.S. front-line work teams.

Roles and behavior of these teams were converted from a typical top down command and control style of managing to an inverted pyramid lead-support style. The front-line cross-functional teams planned, implemented and reported progress. The roles of the stratified levels of leadership from the strategic planning teams upward were to provide the leadership and support necessary to overcome barriers to progress and develop the implementation planning and front-line implementation teams' ability and capacity to perform better as persons and as functional and cross-functional organizations.

The belief underpinning this inverted management pyramid structure was that the necessary creative talent resided within the people involved in the teams and the people they led and managed.

What if…? What if you could produce more profitable results—doing more valuable work—in least amount of necessary time—with as little energy as possible.

Results

The European and U.S. cross-functional teams worked together, participating in transcontinental tele-conference meetings and face-to-face work group meetings as necessary.

The front-line work teams held brief planning and progress review meetings daily to set priorities and determine support needs based on progress against plans. Implementation Management Teams met monthly to review progress against plans and make decisions to capitalize opportunities and course corrections. The cross-functional strategic planning team met monthly or as needed to discuss problems and create solutions, make production decisions, and plan for reviews with the implementation planning and implementation project and work teams. The President and his immediate staff review progress and approved recommendations and requests for needed support.

This internal team concept extended to the supply chain. The supply chain was engaged in a Partners-in-Profit effort to find better ways as a customer-supplier team to make the product better, lower the cost of quality, and improve delivery while maximizing supplier and customer profits.

Cycle times were reduced significantly to reach reliability maturity, full production status from pre-production status and breakeven. Cycle time to reach normal reliability standards was cut in half from five (5) years to two and one-half (2 ½) years with an 80% improvement from the beginning of Pre-production. Bottom line profit improved faster by releasing saved pre-production warranty accrual and reducing full production warranty rates sooner than normal.

The business unit reached breakeven within two years as a result of accelerated reduction in variable cost, earlier shift to full production status, faster reduction in warranty accruals per unit and rapid increase in sustainable demand and productivity.

phone: 330.244.9421 e: info@eppower.com

www.eppower.com