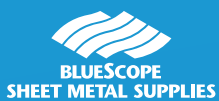


# SER® REPORT

## WASTE #4 - PROCESSING

VERSION 1 - NOV 2017

Brought to you by:



# SER® REPORT

## WASTE #4 - PROCESSING

Welcome to the Steel Efficiency Review® Report for Waste #4 – PROCESSING. This report has been compiled from our unique and proprietary industry insight resource – The Steel Efficiency Review®.

# 1053 >>>

## REVIEWS



### 7 YEARS ON OUR SOLUTIONS CONTINUE TO CREATE CUSTOMER VALUE

To date we've completed 1053 Steel Efficiency Review® visits nationally, with steel businesses both large and small.

This has amounted to over 2863 hours developing real solutions to save them time, money and reduce risks.

From these SER® appointments we have isolated findings relevant to specific industry sectors and niche businesses within that sector to identify business improvement insights – those that can help you run your business more profitably.

### IN THIS SER® REPORT, WE FOCUS ON WASTE #4 – PROCESSING.

This report provides you with a summary of the common challenges faced by steel businesses serving diverse industries in Australia, relevant to PROCESSING. We also offer solutions to help you to build a more efficient and profitable business.

We hope this SER® Report provides an opportunity for you to look closer at your business and review your operation.

You're also welcome to participate in our complimentary Steel Efficiency Review® as a 'fresh set of eyes' helping you to identify ways to turn steel into gold.

If you have just participated we look forward to working with you to uncover the 'gold' in your business.

Regards

**The SER® Team**



# KEY FINDINGS FROM CONDUCTING OUR STEEL EFFICIENCY REVIEW® ON 1053 AUSTRALIAN STEEL BUSINESSES - RELEVANT TO PROCESSING

**PROCESSING** was considered to be a challenge for steel businesses serving diverse industries in Australia.



158 clients from the 1053 completed Steel Efficiency Review® consultations, a total of 15% found opportunities to make improvements and savings in Over PROCESSING.

These clients worked with our SER® consultants to jointly identify hidden Over PROCESSING wastes in their operations. Key SER® findings revealed the issues at hand with proposed solutions to provide step change improvements resulting in operational cost savings, greater efficiencies in processing and overall profit improvement.

Over **PROCESSING** tends to pose major challenges with steel businesses involved in manufacturing, fabrication and building. Many businesses use expensive high precision equipment where simpler tools would be sufficient. This often results in poor warehouse layout because preceding or subsequent operations are located far apart. In addition they encourage high asset utilization (over-production with minimal changeovers) in order to recover the high cost of this equipment. Investing in smaller, more flexible equipment where possible; creating manufacturing cells; and combining steps will greatly reduce the waste of inappropriate processing.

The Steel Efficiency Review® process recommends operations and productions teams to make what the customer wants when they want it, pulling only what is ordered through your work flow. By adding work that is not required, Over Processing costs steel businesses' money with regards to the time of resources, the materials used and the wear on equipment. These costs can amount to a considerable sum over a period of time, they will also reduce efficiencies as the operators that are Over Processing could be performing other value adding tasks that the customer is willing to pay for.

With 1053 Steel Efficiency Review® consultations completed, we have found if you could eliminate or possibly reduce **OVER PROCESSING** the savings would be straight back on your bottom line improving the profit in your business.

## COMMON CAUSES OF WASTE #4 - PROCESSING:

- » **Unclear Standards And Specification**  
Many operators will try to do the best job possible and will not always be aware of what truly adds value to the product or even the end customer use. They will often add value and time doing more to the product, such as polishing and finishing components that the end user will not value nor pay for as they do not require it.
- » **Focus On Quality**  
Unless steel businesses have a clear focus on quality then they will have differences in output between shifts and people. This will allow for differing levels of quality and performance. Customers very quickly identify these differences "good" or "bad" and in most cases are not willing to pay for them either way.
- » **Design Matching Reality**  
Often designers, architects and engineers specify tolerances that require precision machining when in reality looser tolerances that could be produced by significantly less expensive methods could be employed. Ensuring production matches customer expectation is the key to eliminating Over Processing.

## 3 KEY RECOMMENDED SOLUTIONS – PROCESSING

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Utilising the Steel Efficiency Review® to better understand businesses serving diverse industries, our SER® consultants have recommended the following 3 key solutions to help with OVER PROCESSING:



### 1. ENABLING 5S IN YOUR OPERATIONS

5S implementation with the use of Standard Operating Procedures to provide written instructions for all of your employees. These procedures will ensure the standardisation of methods across shifts and workers. When combined with on the job training, quality will remain consistent and continually improve across operations.



### 2. MEASURING QUALITY AS DETERMINED BY THE CUSTOMER

Implementing quality standards measured and determined by customer satisfaction and requirement. This will help to clarify specifications and acceptance standards by customers – determining how to produce what's needed without adding cost and labour when not valued.



### 3. LESS IS MORE

Dropping some non-valued processes will expose possible improvements and even make products higher in quality. Putting your business and operations under pressure to first manage cash and then customer expectation will be a much needed step change. This means taking the leap and cutting spend on over processing when not required or valued by the customer.

## WHAT ABOUT COMPETITIVE ADVANTAGE?



The first step is to identify the common causes of **OVER PROCESSING** and realise that your business is actually doing it. We have uncovered when discussing our key findings from our Steel Efficiency Review® consultations with our customers, a common understanding is required to ensure we admit to the waste and want to find possible solutions to eliminate or reduce it.

Once we all understand the issues and challenges associated we can work together as supplier and buyer to recommend improvements. Keeping it simple is something we aspire to with our key findings and possible recommendations to ensure buy-in and implementation. Using simpler and easy to implement processes ensure our customers will first want to invest the time to change and reap the rewards in the long term.

Once some change is made and a recommendation has been implemented, business results start to follow. The recommended solution can be as simple as "5S implementation with the use of

Standard Operating Procedures to provide written instructions for all of your employees. These procedures will ensure the standardisation of methods across shifts and workers, combined with on the job training they are a highly effective way to improve the quality of your product as well as ensuring the reduction in Over Processing." (Recommended Solution #1)

In making this change, our customers not only eliminate or reduce **OVER PROCESSING** but they start to put their own customers first and even highlight the causes of many other problems within processes that are hidden by this waste.

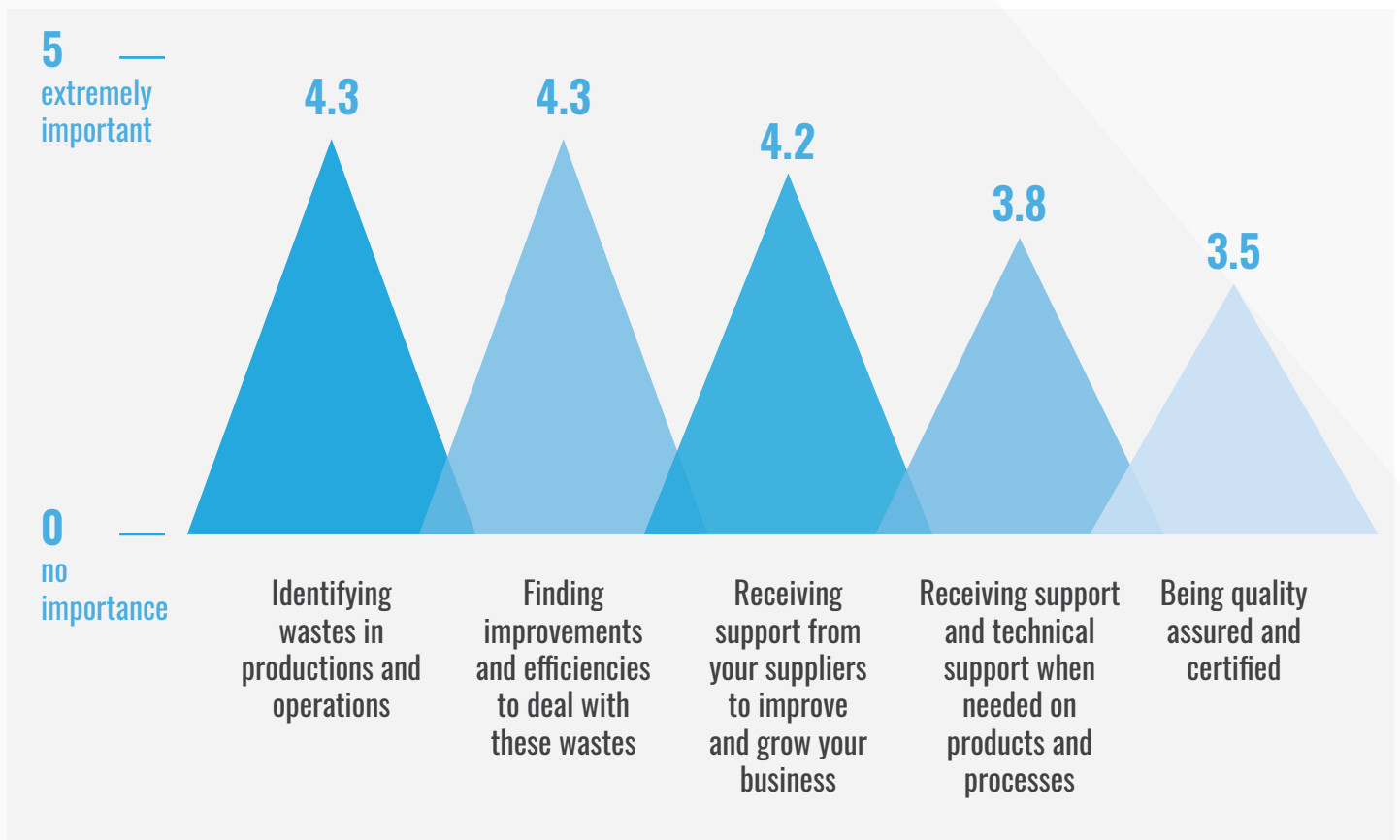
A competitive advantage starts to get built and can be very strong when customers start to experience a different and better offer, superior to others in the market. This then allows the right products to be produced based on customer demand. Add in a bit of customisation and expertise to develop specialised products – premiums can then be charged and more profit made.

# THE SER® CUSTOMER'S PERSPECTIVE SHINES THROUGH

It's clear when our customers are involved in the Steel Efficiency Review® they undertake a challenging role of looking at their business in a very different way.

They start to identify and examine wastes such as **OVER PROCESSING** and try to understand the possible causes and drivers. They dig deeper and ask questions to determine possible solutions for improvement

With the help of their SER® consultant the findings are then tested further and possible recommendations are considered. And when we look at the importance of relationships with our customers as we work closely together to create win-win opportunities, it's quite clear that supporting each other along the way creates a long lasting partnership. When we asked our SER® customers how they would rate the importance of the following factors to their business – we found:



## THE SER® CUSTOMER EXPERIENCE DRIVES A STRONGER RELATIONSHIP

So when it comes down to it, what actually drives our SER® customers to want to make a change in their business? And what is the role of the SER® consultant at this point in the journey?

When we asked our customers what drove them to undertake the Steel Efficiency Review® they answered both these questions. They commented on "needing some support to work on their business - rather than in it". They also mentioned they were after a "different point of view or perspective on their business".

This was the role of the SER® consultant to first build comfort into the process and ultimately look for win-win opportunities for both customer and supplier. 7 years on our customers will remember these initial wins and continually look for more improvements in wastes such as OVER PROCESSING to implement some change to produce great results.

# CONCLUSION

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The key findings from conducting 1053 Steel Efficiency Review® on Australian steel businesses relevant to Waste #4 – PROCESSING, show the need for:

## HIGH QUALITY STEEL PRODUCTS MADE WHEN NEEDED, DRIVEN BY CUSTOMER TOLERANCES AND SPECIFICATIONS.

When speaking to 1053 steel businesses involved in diverse industries nationwide, we concluded that it comes down 3 key solutions to help with OVER PROCESSING:

- **ENABLING 5S IN YOUR OPERATIONS**
- **MEASURING QUALITY AS DETERMINED BY THE CUSTOMER**
- **LESS IS MORE – REMOVING NON VALUE ADDED PROCESSING**

**In implementing these recommendations, our customers not only eliminate or reduce OVER PROCESSING but they start to put their own customers first and even highlight the causes of many other problems within processes that are hidden by this waste.**

A competitive advantage starts to get built and can be very strong when customers start to experience a different and better offer, superior to others in the market. This then allows the right products to be produced based on customer demand. Add in a bit of customisation and expertise to develop specialised products – premiums can then be charged and more profit made.

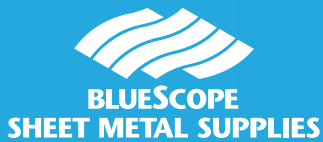
We have found, our customers pursue the SER® as a vehicle to look at their business in a different way to make some small changes to reap big rewards. When we asked our customers what drove them to undertake the Steel Efficiency Review® they used words such as “fresh set of eyes” and “cost efficiencies” and “value” to determine their thinking behind their decision.

**It’s worth noting that product pricing was a considerable factor, mentioned by our customers more as the outcome rather than the deciding factor.** This shows just how hard it is to build trust first, then get customer experience right - utilising the Steel Efficiency Review® process.

**STEEL EFFICIENCY**  
**REVIEW®**



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