

Manufacturing kitchens and timber joinery at significantly higher profits



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Six initiatives that you can implement in your business this month to substantially increase your factory productivity and profitability.

This advice is based on the knowledge gained from working with 240 joinery and other manufacturers over 15 years. Which has involved in many company "turn arounds" where staff and factory productivity has been increased from 15 to 160%.

Initiative 1 – Break each kitchen quoted down to '14 jobs and direct costs' and track the time involved – as outlined in the example below. In doing so you will see exactly where time and money is constructively employed in your business and where both time and money is "slipping away" on you.

This initiative does require that you use second hand PCs on your factory floor and time tracking software. Such a system is quick, easy and

	BUDGETED LABOUR TIME (hours)	ACTUAL LABOUR TIME (hours)	DIFFERENCE (A - B)	\$DOLLARS (@\$65/hour O.H. cost)
OFFICE LABOUR TIMES				
1 Design - Design for client quote	1.0	0.9	0.1 under	\$6.50 gain
2 Design - Measure, redesign, program	2.6	2.6	0	0
3 Order materials	0.5	0.7	0.2 over	\$13 loss
FACTORY LABOUR TIMES				
4 Cut	4.0	4.2	0.2 over	\$13 loss
5 Point to point (CNC)	2.2	2.2	0	\$0
6 Edgeband	1.3	1.7	0.4 over	\$26 loss
7 Assemble	20.6	22	1.4 over	\$91 loss
8 Make Top (if applicable)	7.2	8.2	1.0 over	\$65 loss
DELIVER AND INSTALL LABOUR TIMES				
9 Load	1.5	2.0	0.5 over	\$32.50 loss
10 Deliver	2.0	2.6	0.6 over	\$39 loss
11 Install	8.0	7.5	0.5 over	\$32.50
JOB SLIPPAGES IN LABOUR TIME				
12 Variations (client changes)	0	0	0	0
13 Rework (staff mistakes)	2	2.7	0.7 over	\$45.50 loss
14 Unforeseeable fixes (eg subbies damage to units etc)	1	1.6	0.6 over	\$39 loss
	BUDGET HOURS 53.9	ACTUAL HOURS 58.9	DIFFERENCE HOURS 5 HOURS OVER	\$ DOLLARS (\$65 / hr cost) \$325 loss

Woods Kitchen - Job #117 (Empower - "Back Cost" Report)

inexpensive to put into your factory.

Note that Factory Labour Times below is only one of your four Labour Costs. There are three additional areas where BIG losses in Labour Time and money can or is occurring in your business – which are:

- Office Labour Times (kitchen designing, site measuring and Programming Machines)
- Delivery and Installation

Labour Times

- Job Slippages in Labour Times

Initiative 2 – Make your sales manger fully responsible for overseeing the determination of all Budgeted Labour Times of each and all kitchens that you quote – including itemising Budgeted Labour Times for the 14 jobs and processes outlined above.

Initiative 3 - Make your production manager fully responsible for delivering the Actual Labour Times for each kitchen and for the 14 jobs and processes involved in each kitchen. That is, make your production manager fully aware that he or she needs to bring in each and all kitchens in less than or equal to the Budgeted Labour Times.

Initiative 4 – Ensure that your sales manager and production manager meets weekly on a Friday specifically to “back cost” each and all kitchens completed that week to ensure Actual Labour Times did not exceed Budgeted Labour Times – for each kitchen and for each of the 14 jobs and processes involved in each kitchen.

Where Actual Labour Time did exceed Budgeted Labour Time both the ‘Cause of the Problem’ and ‘Corrective Action’ in each case needs to be recorded in a weekly productivity journal. Causes of the Problems are simply either:

- 1) for a particular reason the kitchen was “undersold” by not allowing enough Budgeted Labour Time in the quote (your sales manager’s problem) or
- 2) for a particular reason the factory took too long to produce the kitchen (the production manager’s problem).

It is only by carrying out this review on each kitchen down to the 14 jobs and processes involved can all the problems be highlighted and then eliminated from your business. This becomes a critically important ‘Continuous Improvement’ process to be carried out on your core business, which is professionally managing your labour times.

Initiative 5 - As general manager of your business you need review with your sales manager and production manager the “back costings” of each and all kitchens completed during the last fortnight or month. And also review the ‘Cause of Problems’ and ‘Corrective Action’ recorded from weekly meetings in your productivity journal (outlined above in initiative 4). It is only by carrying out this review that there is “top down” and “management and factory

staff wide” awareness of labour times and focus on staff meeting all times.

Initiative 6 - Your production manager and general manager meet with all factory staff to discuss all Actual Labour Times that exceeded Budgeted Labour Times on each kitchen and the 14 kitchen jobs and processes. This meeting needs to address all your production problems – that is, where the job was quoted with the correct Budgeted Labour Times but where the Actual Labour Times significantly exceeded the Budgeted Times. Good time tracking software reports the factory staff members involved in each overrun of time. This allows your production manager to ask factory staff involved in over runs why the jobs took significantly more time than the time that was correctly budgeted for. Your production

manager should record all staffs responses in the company’s productivity journal. This review drives factory staff and it drives “staff and management wide” “continuous improvement” of factory productivity.

The aluminium window and door industry have extensively been using second hand PCs on the factory floor and time tracking software for ten years. Kitchen, joinery and furniture manufacturers have been using PCs on the factory floor for six years now. A DVD video is available on request to anyone interested in kitchen manufacturers, shop fitters, timber joiners, furniture manufacturers and engineers talking about, 1) how PCs on the factory floor and time tracking software works in their business and 2) how they have adopted the six initiatives above to good effect. The DVD is free of charge. Please feel free to contact me by email or phone. -S-

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