



THE ECONOMIC DEVELOPMENT AGENCY FOR THE CITY

TCS
Case Study on Lean Thinking
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Interview with Peter Tait, MD

Lean Thinking Creates Culture Change and Efficiencies

TCS has been implementing Lean Thinking in its business for around six months. And the benefits are already paying off.

Managing Director and Owner, Peter Tait, says, “By implementing Lean, we’ve created better cash flow, decreased inventory levels and we’re responding more quickly to our customers. But, most importantly, we’ve seen a huge culture change in our staff and the positive benefits from that change will be long-lasting.”

TCS is an industrial automation company that develops systems integration software for clients in the dairy, timber, meat, and fertiliser industries. Additionally, the company manufactures industrial components, such as microprocessor based products for industrial automation and communications as well as agricultural control solutions. It is in the manufacturing side of its business where TCS has implemented Lean Thinking.

Peter explains how TCS decided to try Lean:

“Before embarking on Lean Thinking training, we first decided we wanted to go global. To make this happen we knew we had to get our manufacturing systems up to scratch, so we put in an MRP system and changed our operations. Unfortunately, this system created huge overheads and costs soon began blowing out of control. One worst-case scenario saw a unit of assembly requiring three units of overheads.

“Then, in 2008, as the recession began to hit New Zealand, we started looking at ways we could change our business model and become more efficient. We were seeing our market declining, cost of goods increasing, profitability decreasing and overheads becoming disproportional. The solution for us was choosing to begin Lean Thinking training with Opportunity Hamilton.”

After Peter and two other TCS managers completed the Lean Thinking course, they began asking staff for ideas on what inefficiencies there were in the business and how these could be solved.

“At first, staff failed to see any opportunity for improvement or identify any major inefficiencies. But, as we discussed Lean Thinking methodologies and demonstrated possible outcomes, some of the low hanging fruit became more evident. Our people – as is common in just about every company, I would imagine – found change a bit uncomfortable.

“However, through a bit of training and by being persistent, staff members are now on board with Lean Thinking and are fully converted. One thing we did was have Richard Braithwaite, Opportunity Hamilton’s Lean Thinking trainer, put on a training session for all our staff so they could understand Lean and the benefits they would see from helping implement it,” explains Peter.

A major change TCS made was in their inventory system, which has flowed through to product assembly.

The company still uses its MRP system for high value inventory, but it has eliminated all the time-wasting processes. The company now uses the Kanban system taught at the Lean Thinking course for its small value inventory and, Peter says, “It works brilliantly. Plus, our overheads are back in line at a 1:1 ratio.”

TCS has developed a product ‘kit system’ for assembling its products. Rather than employees picking all the small parts required to produce a circuit board, for example, by searching for items on an extensive shelving system, everything needed to make a product is on a mobile cart.

The tools, assemble instructions and test equipment required to manufacture the product are all on a mobile kit, allowing staff to make just what the customer wants when they want it.



“Using the kit system to assemble our products has significantly reduced inefficiencies by reducing preparation and assembly time while also reducing production steps. In one extreme example, using this kit system has reduced the time it takes to make one part from five hours and 65 steps to two hours and just five steps. These types of improvements eventually create a positive effect on the bottom line,” outlines Peter.

Peter says, by far, the primary benefit TCS has realised through implementing Lean Thinking principles is the positive change in staff attitudes.

“Because of Lean, the frustrations many of our staff had in their work is becoming less and less. Plus, they are all working better as a team and respecting each others’ skills more than they did in the past. And, because staff morale is up, the secondary benefit has been the increase in production efficiency,” says Peter.

Opportunity Hamilton Lean Thinking trainer, Richard Braithwaite, has worked with TCS one-on-one following the workshop training. He says the positive change in staff culture that TCS has realised is not uncommon among companies implementing Lean.

“When things are inefficient at work, people get frustrated with their jobs and this affects their behaviour and performance. Through Lean Thinking, companies can create better teamwork atmosphere.

“Many people believe Lean Thinking is simply a way to ‘clean up your business.’ But, it’s so much more than that. It’s about changing the way people interact with one another, removing work frustrations and improving business processes.

“Peter Tait wants to create a great environment where his employees have the opportunity to be as productive as possible in their jobs and he’s achieved that by implementing Lean Thinking,” explains Richard.

Peter says he now wants to put his administrative staff through a Lean Thinking course. “I know there are a lot of areas in our office where process efficiencies can be improved, and I’m confident Lean Thinking can make a real difference for us in this aspect of our business.”

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