



Journey to Productivity Gain

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The Essence of Productivity is

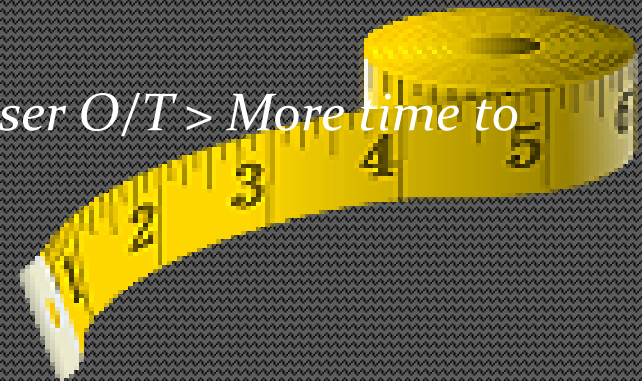
*“Not about how you define it but
do you care enough to start the journey &
measuring it”*

*Is all about **VALUE CREATION** & taking
ACTION in order for productivity to happen!!!*



Why measure Productivity?

- **Improved Financial Bottom line**
Every dollar saved directly contributes to the bottom line
- **Leverage on Sales**
Saving a \$10,000 a year is as good as bringing in \$100,000 sales assuming 10% sales margin
- **Differentiation from Competition**
Improved productivity > Improved Business Performance > Increase Values to your customers > Increased Sales
- **Improved Employees Satisfaction**
Improved processes > Improved workload > Lesser O/T > More time to spend with family > Happier employees



E-Steel journey to Productivity



WARNING!!!

- *Starting the journey is never easy*
- *Continuing it is even more challenging*
- *There is no end to it*
- *Think Big, Start Small & Do it now is the key*

..... **It's a journey !**

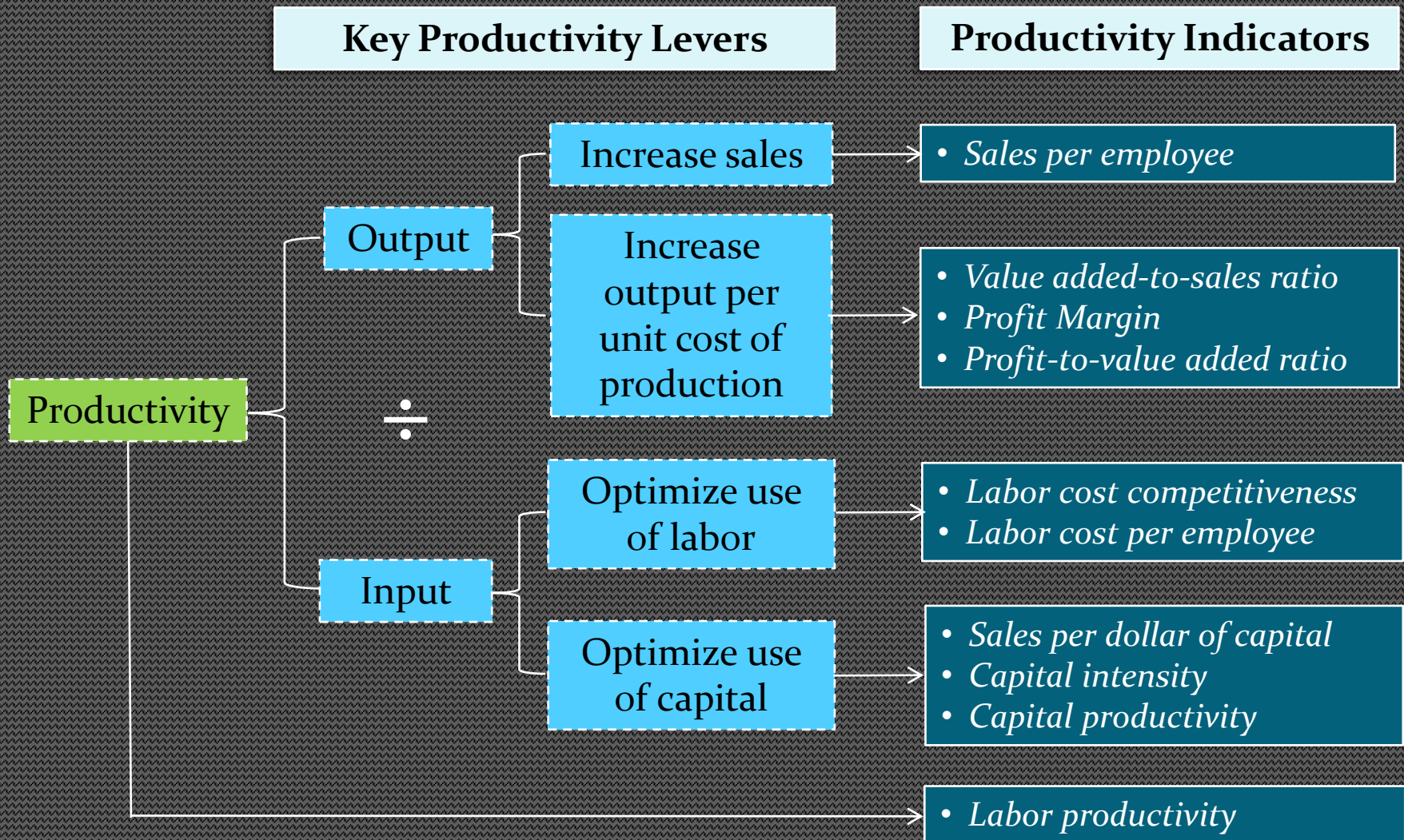
E-Steel Fast Track to Productivity

- **Mindset** – *Think Big, Start Small & Do it now*
- **Productivity Management Program (PMP) - IMPACT Assessment** (*Integrated Management of Productivity Activities*)
- **CPIM** – *Certified Productivity & Innovation Manager Program*
- **Kaizen / Continuous Improvement**

IMPACT Assessment - PMP

- Part I:
Qualitative Assessment of E-Steel productivity management functions & productivity levers
- Part II:
Quantitative Assessment of E-Steel productivity performance based on the key productivity indicators
- Part III:
Overall Assessment & Recommendation based on findings from Part I and II

Key Productivity Levers & Indicators



Interpretation of Levers & Indicators

Productivity

Labor productivity → *Employee ability to generate VA*

Increase sales

Sales / Employee → *Sales & Marketing Effectiveness*

Increase output/unit cost of production

VA to sales ratio → *Gross/Contribution Margin*

Profit margin → *Net Margin*

Profit to VA → *Operating profit/VA*

Optimize use of labor

Labor cost competitiveness → *Return on VA per every labor \$ spent*

Labor cost/employee → *Ave remuneration/employee*

Optimize use of capital

Sales/Dollar Capital → *Return of sales per every FA \$ invested*

Capital productivity → *Return on VA per every FA \$ invested*

Capital Intensity → *FA investment per employee*

Usage of Levers & Indicators

- *Set direction, strategies & goals for productivity improvement*
- *Set Key Performance Indicators (KPI)*
- *Educate employees the impact of productivity to the overall business performance*
- *Set KPI linked incentive program for employee*
- *Internal Benchmarking (inter-department / inter-company)*
- *External Benchmarking (Industry average / Competitors)*

Closing the Gap

Productivity Training

WSQ Certified Productivity & Innovation Manager (CPIM) Program

- *4 modules → 18 training days → 3 months of project implementation with hands-on coaching*
 - *Module 1: Certified Operations Professional*
 - *Module 2: Implement Business Process Re-engineering*
 - *Module 3: Implement Lean Six Sigma*
 - *Module 4: Implement Enterprise Productivity Improvement Project*

Productivity Toolbox

Module 1

Certified Operations Professional

- *Supervise Teams at Work*
- *Supervise Work Improvement Processes*
- *Supervise Quality Procedure*
- *Supervise WSH Practices*

Module 2

Implement Business Process Re-engineering

- *Plan process reengineering strategies for business*
- *Implement process reengineering strategies in an organisation*

Module 3

Implement Lean Six Sigma

- *Introduction to Lean*
- *Lean culture*
- *Value Stream Mapping*
- *Stability and Process Improvement*
- *Just-in-time*
- *Measuring*
- *Sustaining*

Module 4

Implement Enterprise Productivity Improvement Project

- *To decide on area or process to review/reengineer*
- *To work with management to establish current performance indicators and targeted objectives*
- *To review improvement idea/plan*
- *To confirm implementation effect and review*
- *To report and present to the management*

The Performance Scorecard Productivity Gain

Level 1: Post PMP-IMPACT Assessment & effort in improving on the key productivity levers

- *Labor Productivity increased by 1.5 times*
- *Operating Profits Before Tax by 6.6 times*
- *Sales Revenue improved by 1.9 times*
- *Profit Margin improved by 8%*
- *Value-added to Sales Ratio improved by 7.6%*
- *Profit to Value-added Ratio improved by 32.2%*

18 consecutive months

Jan-Aug 2011

Vs

May-Dec 2010

Level 2: Post CPIM training and project implementation coaching

*Project: To improve sales productivity by reducing WH operations bottom neck
(lead time from sales order to delivery)*

Strategy: Map processes, identify non VA, remove them & simplify new processes

Result: Sales Productivity increased by another 30% from May to Aug 2011

Problems & Solutions

#1 Problems – Changing & sustaining employees' mindset

Recommended Solutions

- *Demonstrate commitment by top management leadership*
- *Educate how each employee's work can impact on the overall business performance*
- *Involve everyone and be open to employees' voices*
- *Train, lead & coach everyone – never leave them alone*
- *Show & motivate them with positive results – always start small with simple improvement project & high potential to achieve positive results*
- *Incentivize for improvement*
- *Be prepared to “fire” – not all can or willing to be changed, face it!*
- *Always be consistent & honor what you promised*

Problems & Solutions

#2 Problems – Motivating & sustaining continuous improvement

Recommended Solutions

- *Identify a Champion to manage the improvement process*
- *Always promote team effort & never individual*
- *Don't stop improving – once stop, momentum stops*
- *Set productivity improvement KPI*
- *Establish small work improvement teams*
- *Organize team competition*
- *Always publish improvement results*
- *Reward, praise & publicize the winning team*
- *Reward of using productivity tools in problem solving*
- *Link bonuses with KPI*
- *Establish a tag line – E.g. Play above the line*

Applicable Management Strategy

Strategy #1

Managing Troops & Attacking - Sun Tzu (孙子兵法)

“Managing a large force can be similar to managing a small force. It is a matter of organization and structure.”

Tips: Always break down the organization into departments, sections & teams and manage them for results

Strategy #2

- Kill one to warn hundreds (杀一警百)
- Kill the chicken to warn the monkey (杀鸡警猴)

Tips: Be prepared to “fire” those doesn't want to be with the culture

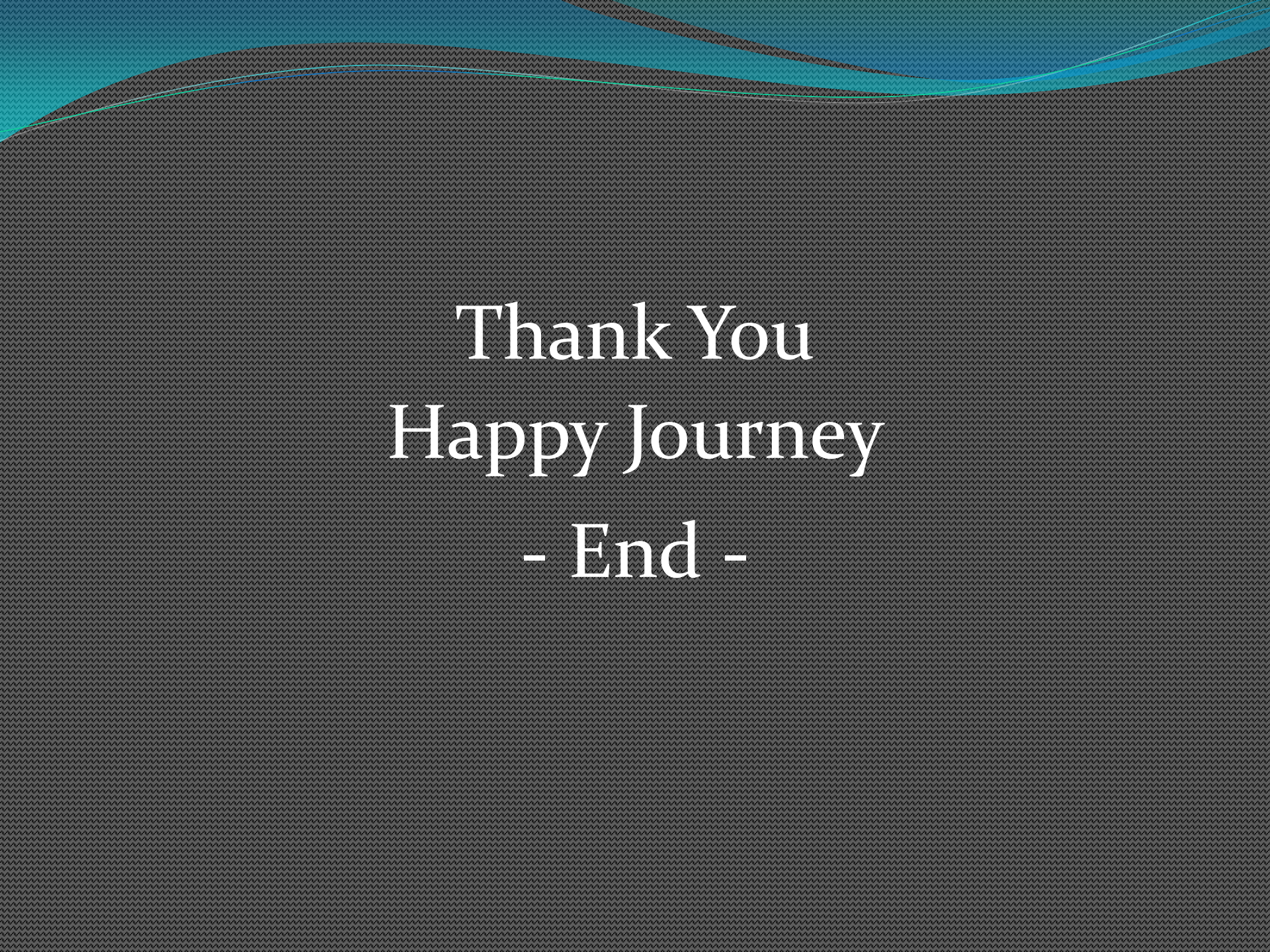
Start the Journey Now

Top 3 Common Reasons from SME for not pursuing productivity improvement

- *No time, too busy with day to day activities*
- *No idea how to do it*
- *No resources & budget*

3 Good Reason for SME to start the journey now

- *Business landscape changing & uncertainties – revenue & cost is challenged*
- *Stay in competition - you don't do it, your competitor will do it*
- *Leverage with the government funding & EDCs assisted programs & know how*



Thank You
Happy Journey
- End -