

SPOILING PROFITS: HOW TO REDUCE REWORK AND RERUNS

A business shares its continuous improvement journey, and the results.



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For more than 10 years, GLS / NEXT Precision Marketing has been tracking and reporting on the costs associated with having to do work over again to meet client expectations. Why do we do this? Well, we feel that it's hard enough to meet some of our clients' demands the first time; having to do it twice is sure insanity, so reducing the times that this happens is an absolute must to survive.

It all started with some very basic spreadsheets which contained a bunch of numbers. To the data geek, these numbers meant something, but we found that very little action was being taken to get these numbers to improve. To get this information out to the masses so that real improvement could be made, the reporting had to be all-inclusive, visually appealing, and very easy and quick to comprehend.

Of course, this did not happen overnight. Through several small baby steps year after year, we finally saw the improvement that we were searching for. We will show you those results, but first, we'll explain how we got there.

Tracking with Visuals

We first started by adding color to the numbers. If the number represented that a goal had been met, that number turned green. If the goal had not been met, the number was red. This was an easy

way to visually look at the report to see trends and performance.

Next, we started to not only track the dollars that were lost, but the number of instances as well. In our business, one mistake could cost a few dollars, or it could cost thousands. It was key to make sure that the occurrences of issues were decreasing so that the probability of the dollars decreasing was also possible. One problem we found during this time is that we were not doing a good job of tracking and documenting the issue in real time. The process in place was to reconcile and validate the rework documentation at the time of month-end billing. During this reconciliation process, if staff hadn't done the proper follow-up when the issue occurred, the memory of the issue details was already fading and the potential for putting more robust improvement efforts in place to prevent the issue from occurring again was lost.

This prompted a change in the frequency of the reconciliation process to become a daily occurrence along with assigning a "watchdog" to follow up on any issues that were not getting the attention they needed within a 48-hour window. Using our enterprise resource planning (ERP) system, which contains shop floor activity, we added a daily report to assist the "watchdog" to follow up on any instance of rework transaction entries. This then allowed

us to report rework dollars out to the masses on a weekly — instead of a monthly — basis, which gave department managers more current data regarding how their teams were performing and how it was affecting the company's bottom line.

Although the color that we added to the report helped, it was not doing a good job of showing if we were improving or declining year over year (YOY). This inspired a complete overhaul of the report. We added the previous year's numbers along with showing the data in a bar graph format. Of course, we kept the green equals good and red equals bad format and used purple to indicate the previous year. We made the yearly goal much more pronounced so that everyone knew what was expected of them. We kept company-level data and broke it out to each specific department. We included both the dollars and the number of instances, so everyone knew exactly where they were. This was a great way to keep each department manager accountable for the performance of their team, and these reports are still being used today.

Shortly after a new VP of Operations arrived on the scene, the fact that we were only including those rework instances above \$500 came to light. He quickly remedied that by no longer making that an exclusion and, even to this day, some instances that are tracked and measured have less than a \$10 price tag. Although this change skewed the YOY comparison during the transition, it was believed to be instrumental in our improvement results as each instance — no matter the cost — was addressed,

and many improvement ideas and solutions were put in place because of it.

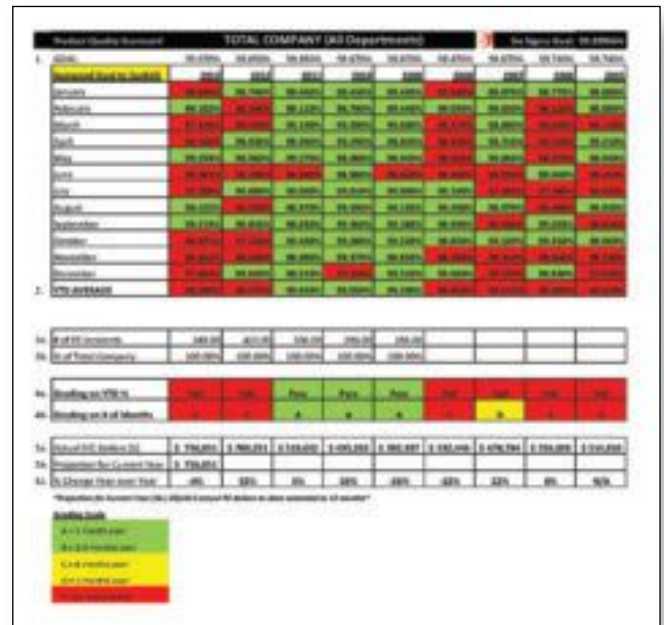
Process Adjustments

The next notable change was to implement an approval process so that conversations on the best way to solve the issue at hand with the appropriate staff members would take place instead of just redoing the job blindly and without thought. Often, the best approach for both the client and GLS was not to redo the job but to correct the issue in another way. To initiate these conversations at the appropriate staffing levels, the approval process was broken down to varying dollar amounts. Anything under \$500 did not need approval; \$500-\$2,500 needed a manager's approval, \$2,501-\$15,000 needed a VP-level approval, and anything over \$15,000 needed C-level approval. This approval process got the right people involved to discuss all potential solutions so that the best outcome could be achieved.

Once this was vetted as a worthy process, additional efforts were made to make the approval process more automated and streamlined by having the documentation system send automatic emails with the details surrounding the issue to the pertinent staff members. This automatic email then allowed the approver to click on a link which would indicate their approval of the solution. When

Quality scorecard comparing previous and current year numbers.

Courtesy of GLS / NEXT Precision Marketing.



something is made easy, there is a much higher chance of it being done.

It is important to note at this time that all of the details surrounding our reworks are entered into a database via our company intranet. We keep track of all of the pertinent data regarding which job it is and what was done to solve the issue — both as a short-term solution (what we did to make it right for the client), and long-term solution (what was done or put in place so that the issue won't happen again). It could be as simple as providing additional training or something that might need our information technology department to build new systems and processes. The efforts put in place are dependent on the potential risks and opportunities that are associated to the specific issue. The data stored in the database can be exported to Microsoft Excel, which is then distributed to the department managers so that additional analysis can be done to spot trends that can be acted on.

A color-coded goal report.

Courtesy of GLS / NEXT Precision Marketing.



A Lean Workforce

We also put many lean principles in place during our journey to improve on spoilage and in the operations of our production departments in general. First and foremost, continuous improvement boards were constructed and placed in all production areas as well as client services. These boards

follow the Safety, Quality, Delivery, and Cost (SQDC) method, in which different metrics regarding SQDC — in that order of importance — are tracked daily by each department. These boards are big and measure 4x8-ft. in size. The size is important because the intent is to be able to view from afar and get a good understanding of the performance of the department. The color coding — green equals good, red/pink equals bad, and yellow equals neutral — can be seen throughout the graphs and charts. When red/pink is present, managers are to put countermeasures in place to correct and improve.

Not only do the production departments keep continuous improvement boards current, but we also maintain one specifically for quality in order to communicate the important metrics being recorded to

meet our ISO 9001 standards. We also have an overall company board that communicates other important information so that all employees feel informed and connected.

Along with the boards, we sent many production managers to lean practitioner training where they were given firsthand practice with several lean principles, which has helped them to see the vision for the future.

We updated all the documented standard operating procedures to a new format including not only the “what” to do, but the “how” and “why.” We did find this to be a very time-consuming endeavor as many gaps were found during the updating process, but since its completion, it has proven to be very valuable in the fight against spoilage as these documents are used to get all staff on the same page and provide more consistent training.

Every day we are looking for ways to improve our work environment. We have 6S (Sort, Straighten, Shine, Standardize, Sustain, and Safety) “before and after” photo boards that show areas that were in disarray before and organized after. We pride ourselves in keeping a clean, tidy, and organized shop, and we are proud to say our clients comment about it all the time. This is something that is near and dear to the heart of our owner and it resonates with the workforce.

What the Metrics Say

Now to those promised results. We keep metrics on total instances, total dollars, and as the dollars relate to the percentage of sales. The total instances metrics are most impressive as we reduced the number

from 1,210 in 2007 to 291 in 2019. 2014 was the year we began tracking all instances regardless of the cost, and the spike can be seen in Figure 1.

We have seen quite a bit of ups and downs on the total dollars because — as previously noted — one instance can have a very heavy impact, but overall, the trend is going in the right direction.

And as expected, the percentage of sales follows suit with some highs and lows, but we have been very happy with the overall progression. Many companies in our industry are running between 1% and 1.5% of sales on a consistent basis. Keeping it below 1% from here and into the future is the only acceptable goal we are willing to operate under and, of course, the lower the better.

Wherever you are in your spoilage journey, making small improvements over time will continue to affect your bottom line, and eventually, the stats will show it. Do not get caught in the trap of feeling that it is too overwhelming to make improvements, just tackle them one by one. Make sure to get your information out to the people in a way so that it is easily and quickly understood and so they see that their efforts are making a difference. When you create accountability within your workforce, your workforce will alter their behaviors for the betterment of all. ■

Steve Kirk joined GLS Precision Marketing as VP of operations in 2013 and brought his zeal for quality improvement to the company. He became a lean expert and Six Sigma Black Belt during the implementation of lean manufacturing within Quad, Taylor, and Cenveo. He has more than 30 years of experience in the printing industry developing customer-focused and results-oriented environments.

Kathy Osterberg has been GLS’ quality manager for the past three years. She has more than 30 years of experience in the direct mail industry in customer service, data processing, management, and print production. She specializes in process improvement and error prevention, and she is both an ISO certified internal auditor and a certified lean practitioner.

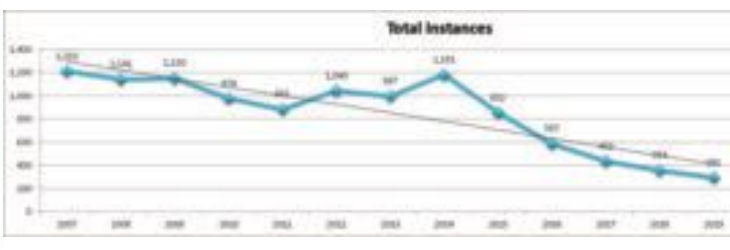


Figure 1: Total instances metrics.
Source: GLS / NEXT Precision Marketing.

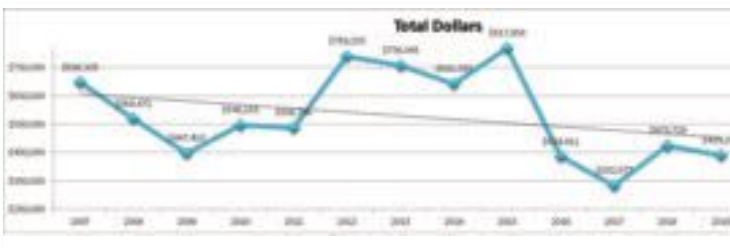


Figure 2: Total dollars metrics.
Source: GLS / NEXT Precision Marketing.

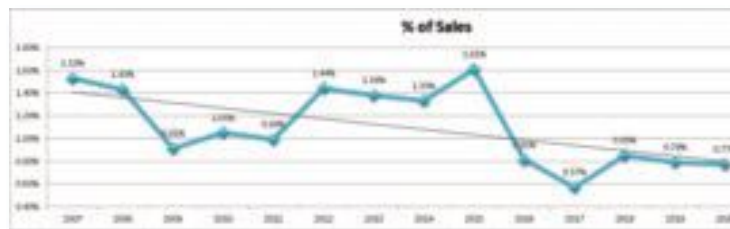


Figure 3: Percentage of sales.
Source: GLS / NEXT Precision Marketing.