

From Cash Drain to Profitability



Transforming a Low-Performing Division

Situation:

A company that traded in commodities and lumber had a production facility that was not profitable, had excessive inventory levels and poor customer service. This particular facility presented a serious cash drain to the parent company.

Solutions:

- Instituted sales and operations planning and improved the communication between sales and production
- Implemented Lean concepts including single-piece flow to boost productivity
- Improved inventory management by using Kanban systems in the material warehouse
- Streamlined the shop floor flow by improving the layout

Results:

After a significant turn-around over a 6-month period, the division was sold for a profit.