

BUILDING CERTAINTY

Construction products manufacturer readies for the next upturn



PROJECT “MADE” AT A GLANCE

- 1062 employees in five manufacturing plants
- 6-8 months' duration
- 30% waste reduction
- 50% overtime reduction
- 20% efficiency increase
- 3:1 return on original investment
- US\$13m in repeat annual savings

Adapting a business quickly to a market downturn and at the same time readying it for the next upturn is a tricky management feat. But a large building products manufacturer did it with aplomb with assistance from Alexander Proudfoot.



Canny motorcyclists know all about target fixation, and so should business executives. It works like this. A rock or manhole cover in the road ahead, one that might be of minor concern to a car driver, can be disastrous on two wheels. So, when you see the obstacle, instead of focusing your sight on it and hitting it (target fixation), you look beyond to a safe position and, as if by magic, you always steer around it. The principle is that you go where

your sight, or vision, takes you.

Trying to hit targets is, of course, a common feature of business life. But being able to see beyond them to the next destination is arguably less common. Not so at Proudfoot's client, CertainTeed, a North American subsidiary of industrial giant Saint-Gobain.

CertainTeed's Sidings Product Group, a 1000-employee division producing extruded plastic wall-cladding for new and refurbished houses, had been enjoying the fruits of 15 years of steady housing market growth. Then the market stalled, exposing and magnifying some bad habits in management and manufacturing that in good times mattered less. Group vice-president and general manager Tom Smith's arrival coincided with the downturn.

"The immediate priorities for me on arrival were to return money through cost-savings to the parent business and to position our manufacturing facilities to be much more competitive in the price-driven, economy sidings category that accounts for the majority of our industry's product volume," he says.

But Smith also had to see beyond those immediate targets to the next market upturn.

"All the demographic data point to

another period of housing market growth in the near term and we needed to be ready to sprint towards that opportunity instead of just waiting for it to happen and then reacting," Smith explains.

But reacting to events had become a force of habit at CertainTeed. During a six month period of assessing and thoroughly understanding the operation, Smith found that managers at the division's five manufacturing plants were working to monthly key performance numbers, leaving little or no time to respond to what the data revealed. He also discovered that employees were working without a proper management operating system, and with poorly-defined individual roles and responsibilities.

"I come from a production background and take the view that manufacturing is definitely not an art. For high productivity and quality with good cost-control you need a schedule that works, to be constantly measuring against that and acting on the data to make improvements; it's the basic philosophy behind continuous improvement, adds Smith.

"But we didn't measure schedule adherence and anyway it seemed to be changing every thirty minutes; we didn't know what we were supposed to be making, in what volumes or in

“ One of our plant managers sums things up neatly thus: with Proudfoot's help, we've done in 6 to 8 months what would have taken us 2 to 3 years to achieve on our own. ”



what timescale. The hidden costs were substantial. And we had a culture led by manufacturing, not customers.”

The challenges for Smith were magnified by the fact that each of the five production plants in his division operated differently, a legacy of their acquisition by CertainTeed from numerous previous owners. All of these factors, plus the impending strategic opportunity for growth, led him to believe he would need outside help to implement the required changes quickly.

The introduction to Proudfoot came from another CertainTeed executive who had worked with this specialist firm previously. Smith had never heard of Proudfoot so he placed a call to a reference client provided by the firm, who also happened to be one of CertainTeed’s largest customers. Satisfied by what he heard, Proudfoot was given approval to carry out a comprehensive review of the whole division.

“I had no money budgeted for external help so I had to make the decision that Proudfoot would work only in

manufacturing; I felt that’s where we needed most help and would see greatest payback,” explains Smith.

Because of this financial constraint, CertainTeed insisted the change project had to be cost-neutral: all expenditure had to be recovered in the same financial year. Under these conditions, the six-strong team from Proudfoot arrived at the company to begin what became known as Project MADE (Make A Difference Everyday).

“From the outset it was important that we position ourselves as facilitators rather than architects of change, imposing it from outside. For example, it was CertainTeed’s employees themselves who came up with the new management operating system, supported and guided by us,” said Proudfoot project director, David Craig.

Tom Smith agrees and adds: “The Proudfoot team was clearly knowledgeable about operations but also sensitive to the people side of our business; they quickly became team members at each plant and were able to carry our people along with them. They worked very hard putting

Tom Smith’s tips for success:

- Dedicate yourself and your best people to the project
- Expect and plan for resistance
- Have an exit strategy for post-project working to sustain the changes
- Don’t view the project as a quick-hit; more the opening salvo
- Communicate early, frequently and using all media available (videos, posters, newsletters, etc)
- Check your consultants’ references

in the time, effort and dedication. David and colleagues provided us with clear role-models of leadership.”

A project steering committee was formed comprising eight senior managers from across each CertainTeed business function, including HR, logistics, finance, sales and marketing.





“This helped to expose those outside manufacturing to some of the change management techniques being deployed,” says Craig.



Subsequently, each plant went through so-called ‘navigator’ and management training sessions to create alignment and agree on a common purpose. Six months later, CertainTeed’s Sidings Product Group was and remains a different place, according to Smith.

“Our people are making better, faster decisions now about all the most important issues. We’re doing this

consistently, hour-by-hour, day-by-day. We’re better at cost prevention, waste elimination and people supervision in all five plants. And, because we have the consistency of operation across each plant, we find it easier to transfer best-practices that emerge. It’s also much easier to move people between plants to meet demand fluctuations.

“One of our plant managers sums things up neatly thus: with Proudfoot’s help, we’ve done in 6 to 8 months what would have taken us 2 to 3 years to achieve on our own,” he ends.

ABOUT CERTAINTEED

CertainTeed Corporation is a leading North American manufacturer of building materials including roofing, siding, insulation, windows and patio doors, fence, decking, railing, foundations and pipe. The company is headquartered in Valley Forge, Pennsylvania, and has approximately 9,000 employees and more than 75 manufacturing facilities throughout the United States. In 1988, CertainTeed became a wholly owned subsidiary

of Saint-Gobain. Renowned for its expertise in glass technology, Saint-Gobain is the world’s largest building materials company.

For more information contact:

Alexander Proudfoot
1355 Peachtree St NE
Suite 700
Atlanta, GA 30309
Tel: 404 260 0600

PROJECT “MADE” AT A GLANCE

- 1062 employees in five manufacturing plants
- 6-8 months’ duration
- 30% waste reduction
- 50% overtime reduction
- 20% efficiency increase
- 3:1 return on original investment
- US\$13m in repeat annual savings