

DB&A Follow-Up

An Update on the LL Building Materials Case Study

When LL Building Products wrapped up its initial engagement with DeWolff, Boberg & Associates, the company exceeded savings projections by \$1.4 million. Now, years later, LL continues to refine and expand upon the methods and metrics that were implemented then. By taking ownership of these processes and tailoring them to suit its ever-changing needs, LL's cost savings, product quality, and employee morale are continuing to trend upward—with no slowdown in sight.

A Solid Foundation for Ongoing Improvement

LL Building Products (LL), a manufacturer of ventilation systems and HVAC materials, was consistently falling short of its financial goals when it was acquired by the nation's largest roofing manufacturer—GAF Materials Corporation. Yet despite these shortfalls, the management team at GAF was confident that LL had tremendous potential for profitability. Because GAF had worked with DeWolff, Boberg & Associates (DBA) on other successful projects, company leaders were confident that an engagement with the consulting firm would help turn the plant around.

They were right.

After 30 weeks of hard work with DeWolff, Boberg & Associates, LL produced some amazing results, including:

- 50 percent reduction in temporary labor requirements
- 67 percent average decrease in scrap
- 45 percent reduction in inventory, resulting in \$3,000 monthly savings on outside warehouse costs
- Annual savings rate of \$3.6 million—exceeding the original projection of \$2.2 million

These dramatic improvements marked the beginning of an ongoing tradition of excellence that continues to inspire LL to build on its successes and further enhance performance and profitability.

Keeping the Momentum Going

It's not unusual for clients of DeWolff, Boberg & Associates to dramatically exceed consultants' projections for first-year savings. Yet the true test of how well the new processes have been integrated into the corporate culture is to examine what happens when the engagement is complete.

Steve Pallotta, project chief for DBA, pointed out that he still stays in touch with clients.

"I like to keep in contact every week for about the first two months, and then I usually try and check in at least once a month," Pallotta said. "Just because we are no longer on-site, does not mean that they are not a client of ours. Once a client, always a client."

Even so, he emphasized how important it is for clients to continue working hard on their own, even after the team from DeWolff, Boberg & Associates is physically there to help them stay on course. To make his point, Pallotta used the analogy of hiring a personal trainer.

"The personal trainer is going to make sure that you go to the gym and that you're on time and that you really sweat through the workout," Pallotta said. "But when your six weeks with the trainer are up, do you go to the gym every day, or is it easier for you to skip a day here and there? Do you work out with the same intensity?"

DeWolff, Boberg & Associates is a management consulting firm specializing in helping companies of every description achieve their objectives through improved performance or resource utilization.

Consultants with DeWolff, Boberg & Associates do everything they can while they're on-site to develop and train the local management team and implement processes that get results. But as Pallotta explained, "When we leave, it really is up to the client to carry that ball."

In keeping with Pallotta's personal-trainer analogy, the phrase "no pain, no gain" rings true here as well, according to Ken Walton, senior vice president of operations with GAF.

"There's a lot of effort involved because there's a lot of change. If you're not ready to fundamentally change the way you operate and stay that way, you won't be able to maintain those gains over time. So you've got to really be ready for this commitment," Walton said.

A New Approach to Management

Of all the positive changes that came out of the original engagement, the management operating system has had the most impact, according to Keith Highland, plant manager for LL Building Products. The management operating system provided much-needed structure, which was reinforced across the board by ongoing training initiatives. Another reason the system was so effective was the fact that the leadership team at the plant was behind it 100 percent. Pallotta was especially impressed with the level of commitment that LL's management staff demonstrated.

**"They've stayed true to the fundamentals, but they've modified and evolved the tools over the years to continue to drive improvement."
— Ken Walton**



"Ken is a true believer that improvement comes from better management and better behaviors—an investment in people, not necessarily an investment in technology," Pallotta said. As new supervisors and managers came in, LL leaders made sure that they were indoctrinated from day one with the management operating system. And as they followed the processes that had been laid out by DBA, the LL team continued to see positive results that exceeded original projections. This made them realize that the potential of the management operating system was limitless—and that's when LL truly began to make the process its own.

Taking Ownership of the Process

As members of the LL team began to get more comfortable with the tools and techniques that DeWolff, Boberg & Associates had introduced, they began expanding and modifying the processes to further suit the plant's changing needs.

"They've stayed true to the fundamentals, but they've modified and evolved the tools over the years to continue to drive improvement," Walton said.

As an example, LL has expanded the role of the shift huddle to include more than daily goals and product schedules. Now they also address issues such as product quality, customer service, and safety. These in-depth huddles give everyone, even newcomers, a good idea of what's going on for that shift and what will be handed off to the next shift. Even with these additions, though, shift leaders make it a point to keep each huddle under 10 minutes.

"There's a lot of information disseminated in a short period of time, but our meetings are very succinct and to the point," Highland said.

For instance, if someone brings up an issue that isn't on the agenda or doesn't involve the whole group, shift leaders ask the affected parties to stay afterward to resolve the issues so that everyone else can begin their shift. LL has also customized the process by creating new performance-management tools such as a large master board. The master board provides written reminders of the topics addressed in the shift huddle. It is a very organic tool that changes every

shift, and employees are encouraged to check it frequently for the latest production goals, customer service issues, and other key information.

“We all know that our biggest customer issues are on that board. They aren’t sitting forgotten on someone’s desk. Issues are taken care of in a shift or two, or they are brought to my attention,” Highland said.

Another way LL has made its mark on the program is by tailoring training modules to reflect real-world situations that LL employees might face. While the original examples in the training modules were made to be generic, LL has revised them to be specific to their operations, and thus more relevant to their employees. “That gives our people a feel for how we used to do it years ago versus how we do it now, and they can see the gap improvement that results by taking the recommended steps,” Highland said.

To keep the modules as relevant and effective as possible, LL has formed a training steering committee

to periodically review the materials and make recommendations for improvement. The company also holds annual training sessions where new and veteran employees alike are trained or retrained on the modules, then cross-trained in various capacities. These sessions not only cover the nuts and bolts of each process—they also show employees the big picture of how the many elements of the company work together. Regular training aids in succession planning as well, so that when someone leaves the company or earns a promotion, others will be prepared to fill in or take over.

The company also sends some employees to different plants within GAF as part of the retraining process. By looking at LL with a broadened perspective, employees are even better equipped to identify opportunities for improvement.

Measuring Performance Against Perfection

One of the most valuable concepts that LL’s management staff found during the initial engagement was

the measurement of performance against the bar of perfection, rather than against previous accomplishments.

60 percent reduction in employee turnover (including seasonal employees)

“Once they started to compare themselves to perfection, not to some arbitrary standard, and realized what potential was there, they blew those old standards away completely. Now, they think in terms of perfection,” Walton said.

Walton also commended LL employees for their newfound willingness to embrace change.

“They thrive on change,” Walton said. “They thrive on continuous improvement and the systems approach. They’ve learned that they’ve just got to continually challenge themselves. It’s a place that just embraces change. That wasn’t always the case.”

LL Makes a Habit of Outshining Itself

Over and above the original gains that LL had made following the DBA



50 percent reduction in accidents

46 percent reduction in RMAs (customer returns)

30 cartons per hour in shipping increased to an average of 41.3 cartons per hour

10 percent reduction in maintenance costs

engagement, the company has also realized the following improvements:

- 50 percent reduction in accidents
- 46 percent reduction in RMAs (customer returns)
- 30 cartons per hour in shipping increased to an average of 41.3 cartons per hour
- 40 percent reduction in scrap
- 10 percent reduction in maintenance costs

“We’re very, very proud of those numbers because after they left we continued to improve,” Highland said.

Although the engagement was initially focused on improving production and cost reductions, LL has also enjoyed improvements in other areas, such as employee morale and organizational issues. To begin with, turnover has declined dramatically. When DBA began the initial engagement, turnover was at 42 percent. But for the last two years, it’s fallen to 16 and

17 percent, even taking into account the company’s heavy concentration of seasonal help. In addition, improved organization around the plant has made tools and resources easier to find, which speeds processes at every level.

“Even a fork truck has a parking spot now, too, so that every shift you find the fork truck in the same spot every time,” Highland said.

This notable increase in efficiency has also opened up opportunities in other areas.

“You get more organized and you get to where you can get things done, and numerous things come of it—everything from cross-training, to getting the shop people more organized, to just simply painting equipment and putting more lights overhead so you can see better,” Highland said. The company now has more time to focus on product innovations as well. Some of LL’s latest innovations include a complete redesign of one of the company’s turbine lines, a new solar-powered vent, and a highly energy-efficient tandem whole-house fan.

Sustainable Progress

One of the most common questions that Pallotta fields as a representative of DeWolff, Boberg & Associates is whether the results the consulting firm delivers are sustainable. His answer is straightforward.

“That’s really up to the client,” Pallotta explained. “If you’re committed and you believe it, we’ve given you the process and training that allows you to continue without our assistance for many years and see significant benefits. LL is a perfect example of that.”

He also emphasized the importance of taking ownership of the system to maximize long-term improvements.

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“I think what’s successful here is the fact that they really institutionalized the approach. It’s a company-driven process now, and that’s allowed them to continue to improve upon the results,” Pallotta said.

Highland echoed Pallotta’s comments, pointing out that LL no longer refers to “the DeWolff, Boberg & Associates system.”

“That’s one thing we stopped saying years ago,” Highland said. “This is our management operating system now.”



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