



DB&A's Proven Process Facilitates Long-Lasting Change



By definition, mergers and acquisitions are instruments of uncommon change that can test the resolve of any organization. However, when companies embrace these periods of transition, challenges can be transformed into opportunities—and employees at every level can take pride in co-creating a work environment that fosters bottom-line profitability and frontline job satisfaction.

Situation

Tremendous Growth, Tremendous Potential

When GAF Materials Corporation, the largest roofing manufacturer in the United States, purchased LL Building Products, it was no mere coincidence. LL is a manufacturer of ventilation systems and HVAC materials—products sold in tandem with roofing supplies—making this new subsidiary a natural complement to GAF's business.

GAF leaders knew going into the acquisition that LL was not operating at its full potential. As a primary supplier to Home Depot, LL had grown quickly to keep pace with the home improvement giant's expanding operations. Unfortunately, this rapid growth also magnified the shortcomings of LL's management infrastructure, resulting in communication breakdowns, widespread inefficiencies, and poor employee morale. GAF management had successfully worked with DeWolff, Boberg & Associates (DB&A) in the past, and were confident that DB&A could help LL evolve its culture to enhance the bottom line.

“DeWolff, Boberg & Associates helped us help ourselves and enabled us to become true competitors in our marketplace,” said the plant manager. “We no longer refer to it as ‘the DB&A system.’ This is our management operating system now.”

Plant Manager, LL Building Products

Company:

LL Building Products

Immediate Operational Results

- 20% increase in efficiency
- 50% reduction in temporary labor requirements
- 67% average decrease in scrap
- 45% reduction in inventory, resulting in \$3,000 monthly savings on outside warehouse costs
- 29% reduction in overtime

Long-Term Operational Results

- 50% reduction in accidents
- 46% reduction in customer returns
- Shipping increases from 30 cartons per to an average of 41.3 cartons per hour
- 40% reduction in scrap
- 10% reduction in maintenance costs

Financial Results

Annual savings of \$3.6 million—exceeding the original projection of \$2.2 million.

Implementation

Creating a Culture of Communication

The engagement began with a two-week Opportunity Analysis. DB&A consultants worked closely with the LL team to observe existing processes, equipment, materials, people, cycle times, and inventory levels, as well as intangibles such as business culture, organizational strengths, service, and quality shortfalls. Along the way, they identified opportunities for improvement and pinpointed the issues that were keeping LL from achieving greater results. And for LL, one of the key issues was communication.

Poor and inconsistent communication flow from the manufacturing floor to management meant that information was not being reliably relayed, making it difficult for managers to plan effectively and react appropriately. Due to insufficient data, there was inadequate understanding of the true capacities of the production lines. This meant that daily production quantities were not based on the most accurate numbers. Additionally, there was no system in place for employees to proactively identify and correct the issues associated with the loss of production on the floor.

Together, the DB&A team and LL frontline supervisors conducted more than 2,500 observations of various production line and offline activities. Through careful documentation, capacities were determined, and hourly production expectations were set. Each employee was given a tangible goal to achieve.

As with every DB&A engagement, the recommended solutions were designed using the technical, operational, and human resources already in place at the company, with no need for additional IT outlays or new hires.

Measurable Results

Success by the Numbers

Changes implemented during the DB&A engagement quickly helped LL shine as a subsidiary of GAF.

The initial engagement resulted in an overall improvement in employee morale and the manner in which LL handles organizational issues. To begin with, turnover declined dramatically. When DB&A started the project, turnover was at 42 percent. At last count, that percentage had fallen to the mid-teens, even taking into account the company's heavy concentration of seasonal help.

Employee re-engagement became a primary driver of production improvements and cost reductions. After the first 30 weeks of intense work with DB&A, LL posted these dramatic operational results:

- A 20 percent increase in efficiency
- A 50 percent reduction in temporary labor requirements
- A 67 percent average decrease in scrap
- A 45 percent reduction in inventory, resulting in \$3,000 monthly savings on outside warehouse costs
- A 29 percent reduction in overtime

As for financial results, LL obtained an annual savings rate of \$3.6 million—exceeding the original projection of \$2.2 million. These results inspired LL to keep building on its successes to further enhance performance and profitability. By taking ownership of these processes and tailoring them to suit its ever-changing needs, LL's cost savings, product quality, and employee morale continued to trend upward. Years after the original engagement, LL reported the following operational gains over and above the initial results:

- A 50 percent reduction in accidents
- A 46 percent reduction in customer returns
- An increase from 30 cartons per hour in shipping to an average of 41.3 cartons per hour
- A 40 percent reduction in scrap
- A 10 percent reduction in maintenance costs

Long-Lasting Benefits

Ownership of the Process Leads to a Cultural Shift

As members of the LL team became increasingly comfortable with the tools and techniques that DB&A had introduced, they began expanding and modifying the processes to further suit the plant's changing needs.

As an example, LL 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 for the next shift.

LL has also added a large master board to provide 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.

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 DB&A's 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.

To keep the modules as relevant and effective as possible, LL 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 also aids in succession planning, so that when someone leaves the company or earns a promotion, others will be prepared to fill in or take over.

According to the plant manager, the lasting impact of the DB&A engagement is due to the fact that the LL team took ownership of the program and made it their own, creating a corporate culture that embraces and successfully adapts to change.

About DB&A

DB&A is a management consulting firm specializing in helping companies of every description achieve their objectives through improved performance and resource utilization. Working with every level of management, we focus on all organizational and cultural issues, with a special emphasis on developing accountability and leadership at the employee and front-line supervisory levels. DB&A consistently transforms organizations into high-performance, results-oriented teams and typically delivers a guaranteed gain in performance of at least 20 percent.

To learn more about what DB&A can do for your organization, please visit www.dbaresults.com, call us at 800-800-6030, or email us at contact@dbaresults.com.