

Manufacturing Performance Competition on the Big Screen

"The Profitbase solution provides our workers with performance metrics on big screens in the reception and canteens, their work stations and via the internet. Everyone from the production worker to the sales consultant now has access to the information they need to see how their department is performing and how they are performing"

*Kay Kristiansen, CIO
Hoff, Norway*

Introduction

 HOFF is one of the largest potato processors in Norway handling about one-third of the country's production. HOFF delivers all sorts of potato products under their market leading brand name to grocery stores, caterers and wholesales throughout Norway. The company has approximately 230 employees and a revenues of NOK 488M (US\$65M) in 2008.

Efforts Not Effective

For more than 25 years workers at Hoff have been entering information for key performance indicators (KPIs) into spread sheets with little to show in return. While the company's performance has been satisfactory, management wanted to take it to another level.

HOFF management had a vision for the company. They wanted to be a world class food processor committed to continuous improvement in reducing all types of wasted time and in achieving high levels of quality. The company goal was to achieve 85% Overall Equipment Effectiveness (OEE). OEE is a universally accepted measure of manufacturing performance. OEE is measured in percentage and is 'Availability' times 'Performance' times 'Quality'. OEE is calculated for each machine and accumulated up for a production line or area, then up to a plant and finally for the enterprise. 82% OEE is considered to be the industry average and 91% is considered to be Best-in-Class performance (Source: Aberdeen Group, May 2008). HOFF was hoping to move above the industry average and eventually into Best-in-Class. This was an aggressive objective, so HOFF needed to reduce all form of waste, like machine stop frequency, duration and reset times. They had to change their fundamental production processes and procedures and they needed a way to measure progress.

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Kay Kristiansen, CIO Hoff Norway

Learn from Toyota

HOFF named their program "The HOFF Production System" and decided to model it after the Toyota Production System, which is recognized as the world's most successful continuous performance improvement program. Two very important aspects of the program were to involve all employees in the process of continuous improvement and to capture good metrics to immediately see the effect of any changes.

Performance Metrics for All Workers

In order to meeting the goal of becoming a world class enterprise, HOFF needed to also have the best information they could get on how their machines and plants were running and as new processes and procedures were instituted, they could immediately see the impact.

HOFF selected Profitbase for their business intelligence, budgeting and financial planning system. The system is comprised of Profitbase Studio for development and administration of the data warehouse, Profitbase WebPlan for operational budgeting and Profitbase SIM for financial planning. Completed in November 2008, the system is totally integrated and built on Microsoft SQL Server. The system extracts data from their existing business and production systems and delivers metrics to management on finance, sales, human resources, inventory and production.

Best Practice through the "Rally Report"

An important benefit of the Profitbase BI solution is that workers have more ownership and interest in the company's overall performance. This is very important for manufacturing companies like HOFF, were in the past workers were disconnected from company results.

When HOFF instituted the "HOFF Production System", they trained and empowered every worker to be part of the continuous improvement process. And so that each

department and each shift could see how they were performing, "The Rally Report" was displayed and continuously updated on large displays that were positioned in strategic locations around the plant. What happened next was that each worker's natural competitive instincts took over. When workers saw that another department or another shift was performing better than they were, they were highly motivated to improve and make changes to fix problems. Departments with the highest productivity were given points and the department with most points are recognized and given awards.

"The Rally Report contributes to better awareness for workers around results and each department's contribution to the results. Management can also see how their new processes and procedures are working and track trends in each department. We are able to do this because of the quality and level of detail in the reports we get from the Profitbase system," adds Kristiansen.

"The Rally Reports are great for management to track progress. For instance; if the same department get the award for best performance every time, then a study of the department is done to understand why. And of course we study the poorer performing departments as well. Then we compare and determine what changes need to be made," concludes Kristiansen.

Recognize Machine Trouble Fast

Kristiansen is very pleased with the information they are able to get from the Profitbase system. Reports now show trends on important KPIs in sales, manufacturing and finance. Within manufacturing this is broken into stop-reasons which are captured whenever a machine stops. "We can analyse why machines are stopping and either change our machine maintenance schedule or a procedure that would reduce or eliminate the problem," notes Kristiansen.

"The system works extremely well. If a machine starts to have problems, which can create a bottle neck in the production line, we see it right away and can order service on the machine immediately," explains Kristiansen.

Management Trust the Data

Kristiansen explains that HOFF now uses less time on data capture and reporting. In addition, the quality of the data is superior to their previous system, which means management trust the figures and are confident in using the reports to make decisions. Reports have KPIs for the company, for each product and the different departments, so it's easy to identify where the problem are. Managers are also able to drill down into the figures to better understand the reasons why a KPI is trending one way or another.

Productivity Improving Continuously

Since implementing the "HOFF Production System", of which the Profitbase system is a key element, productivity has continually improved quarter over quarter. Higher productivity, means doing more with less and that means more profits are going directly to the bottom line. As a result, HOFF is well on their way achieving their goal of being a world class manufacturing enterprise.

About Profitbase

Profitbase, a Microsoft Global Alliance Partner, is a technology leader in delivering rapidly deployed business intelligence (BI) and planning solutions to retailers, manufacturers, and many other markets throughout the world. Their solutions provides a rich set of pre-defined industry specific metrics and key performance indicators resulting in one consolidated view and 360 degree visibility to all aspects of business performance, empowering decision makers to improve cash flow, turnover and profit margins.