

KPIs: your business's magic bullets

How can you be sure that your customer service, productivity and costs are competitive? By using **Key Performance Indicators** effectively

Financial measures are fundamental and widely used: but do not always provide immediate, clear indication to employees of what needs improving. KPIs are a set of practical measures that help you and your employees to understand how your business is performing – and if they're well chosen and effectively used, they drive continuous improvement.

Well chosen KPIs are a careful balance of Quality, Cost and Delivery (QCD) measures. The weighting of their importance and target performance levels depends upon the objectives and characteristics of individual businesses. Some companies find there are so many operational metrics to choose from that they have difficulty relating them to bottom-line profit. But now help is at hand: the 2 day Howard Smith Snapshot+. This includes analysis and advice on using a mix of basic

Quality, Cost and Delivery (QCD) measures, including:

Not-Right-First-Time: the percentage of products that are not fit for sale without re-make or correction

Material Yield: how much material ends up in saleable product and how much is sent for recycling or landfill

Administrative Errors: the percentage of work orders containing factual errors or missing information

Value Added per Person: how much value is added to direct material and external costs per employee

People Productivity: where appropriate, the number of products made per employee

Stock Turns: how long material, work-in-progress and finished goods (and hence cash) are retained in operations between purchase and sale

On-Time-In-Full: a strict measure

of delivery performance against your first promised delivery date

Overall Equipment

Effectiveness: the HSPG Poster shows how OEE is a combined measure of Availability, Performance and Quality. Availability is the percentage of how much quickly a process produces product compared to the operating time available. Performance measures how fast the process makes product. Quality measures how much of the product is saleable out of the total quality produced. Detailed analysis of each of these elements provides an objective measure of where the effort can be applied most effectively to improve Return-On-Investment. OEE can confirm whether new capital equipment is necessary.

If not readily available during a Howard Smith Snapshot+, the VIP engineer will discuss how data can be gathered to drive

"THE INITIAL PROGRAMME HAS HELPED PEOPLE REALISE WE DO HAVE A PROBLEM AND THAT WE NEED VIP TO SORT IT OUT."

**PAUL FOSTER
MANAGING DIRECTOR
MWL PRINT**

SCORE SHEET SUMMARY

Sample Company

1.0 Culture and Environment

Indicator	0=Poor 4=World Class
1.1 Continuous Improvement Deployment	2
1.2 KPIs	2
1.3 Customer Service	2
1.4 Employee Development	2
1.5 Employee Involvement	2
1.6 Dynamic Communication	2
1.7 Static Communication	2



2.0 Operations and Practices

Indicator	0=Poor 4=World Class
2.1 Material Flow	2
2.2 Visual management	2
2.3 Workplace Organisation	2
2.4 Flexibility and Responsiveness	2
2.5 Standard Operating Procedures	2
2.6 Asset Care	2
2.7 Production Planning & Information Flow	2

Industry Average

This will include:

- A 14-point analysis of how best practice is being applied in the business
- Industry Average Benchmarking on a Score Sheet Summary that provides a comparison of best practice with over 500 other printing industry Snapshots
- A high level Process Map showing information and material flows and opportunities
- Prioritised recommendations to increase profitability and customer service

At the end of the Snapshot, the engineer presents a Snapshot report to the senior managers. At this meeting, he makes recommendations for reducing cost and improving service, and advises on how to collect and use data if required.

Thanks to sponsorship by the Howard Smith Paper Group, the total cost for a two-day Snapshot is discounted to just £700 + VAT, plus expenses.

→ For more information about OEE or to take part in a Howard Smith Snapshot Plus please contact Ryan O'Neal, Product Manager on 020 7915 8322 or email ryan.oneal@bpif.org.uk

Overall Equipment Effectiveness (OEE)

Are you getting maximum productivity from your equipment?

OEE is a single Key Performance Indicator (KPI) that shows how effectively a piece of equipment is being used.

Availability
Is the equipment operating or not?

Performance
Is the equipment running at optimum speed?

Quality
Is the equipment producing saleable product?

Losses include:

- waiting for work
- waiting for material
- waiting for parts
- waiting for information
- make-readies
- breakdowns

Losses include:

- equipment condition
- production materials
- operator training

Losses include:

- incorrect colour
- poor print quality
- incorrect file copy used

My Size
The longer you use these services, the more you will save.

Pallet Heights
Minimise paper handling for use of pallets that fit your in-feed systems.

Bulk Packed Only
Avoid all the disadvantages of using loose sheets.

ISO12647-2
Flatten that old cover to the colour target.

Understanding, measuring and charting OEE improves productivity and drives down costs

Howard Smith Paper Group's Cost in Use Services have a positive impact on OEE

Example OEE = 62% x 72% x 99% = 44%

improvement and cost savings. This information is often collected or available but "hidden" in Shop-Floor-Data-Capture systems (SFDC). SFDC can be an efficient and powerful tool; but the sheer amount of data collected can sometimes make it hard to "see the wood for the trees". ViP engineers can advise

how to implement processes to verify correct data coding and systematically interpret the SFDC reports to drive improvement. If Shop Floor Data Capture is not available, the ViP engineer can advise on alternative ways to gather information for KPIs.

Conducted over two days, Howard Smith Snapshots start

with a meeting with the senior manager to discuss business expectations, followed by an office and factory tour. The ViP engineer will hold discussions with staff and then develop a process and information map to identify priority areas, analyse data available and write the report.