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Lean Manufacturing To Improve Margins

When I asked Larry Cooper, Chairman of AICC, if my estimate that 75% of AICC company owners have a sales background was “on the mark”, he replied, “Probably more.” Why then, I continued, would AICC plan its Spring Meeting, scheduled for April 21-24, around such a non-sales subject as Lean Manufacturing? Cooper answered, “It’s a matter of survival. If your manufacturing isn’t lean and mean, you won’t survive.”

Pacific Southwest Container, Modesto, California, has practiced Lean Manufacturing and 5S, one of the tools for successful Lean Manufacturing, for several years. Its President, John Mayol, is a firm believer in this practice because it has worked for his company. “Our ability to produce in today’s environment is directly attributable to this ‘toolbox’,” he said. “It’s been the difference between break even and real profitability. When margins are as lean as they are today, you have to do this.”

During and AICC CEO Forum, Mayol spread the message to Cooper and, in Mayol’s words, “Larry got the gospel.”

Cooper, President of C&B Corrugated Containers (now C&B Display Packaging Inc.) in Mississauga, Ontario, introduced Lean Manufacturing and 5S (see sidebar below) at a general plant meeting. Then he began implementing shop floor organization one machine at a time. “It took about a month and a half to organize that work centre,” Cooper said. “Then we moved on to another machine.”

Cooper noted that the work centre “make-overs” improved morale at the affected machine and fostered a healthy competitiveness on the shop floor. “While we were organizing our first work centre around 5S, the workers at another machine were asking, ‘When do we get to do this?’” Cooper said. Machine by machine, the plant was organized using 5S principles. Then C&B moved the process into the offices, beginning with customer service, then sales and finally the executive offices.

The 5S system, developed by Toyota, includes the following:

- Sort. Eliminate what is not needed.
- Set in Order. Organize what remains.
- Shine. Clean work area.
- Standardize. Schedule cleaning and maintaining.
- Sustain. Make 5S a way of life.



Some practitioners also talk about 7S, which adds Safety and Spirit to the original 5.

Cooper estimates that by the middle of next year, all aspects of his sheet plant's operation will be under 5S. The effects of the implementation of 5S can be "seen" in two ways, he said. "The most obvious is our appearance. It's one of the cleanest plants I've ever been in." More important, 5S has kept C&B profitable. "We've seen a 34 percent increase in efficiency over the last 14 months. This has enabled us to remain profitable, while it has kept our customers happy with our margins."

Larry Cooper: Advocate for Lean Manufacturing
(interviewed by Jim Curley)

BCN: As a point of introduction, when did you begin your career in this industry and when did C&B join AICC?

Cooper: I joined C&B right after university and have been here for 25 years. I've done every job in the place, from making deliveries to customers to running the flexo to customer service and finally to sales. Today, we're a growing sheet plant in Mississauga, Ontario, with an interest in a corrugator operation, Independent Corrugator Inc., also in Mississauga.

C&B joined AICC in 1984, largely because of the relationship I had with Rich Eastwood of Central Graphics and Container. The first convention I attended was in Boca Raton, Florida; Rich introduced me to Dick Troll and to his good friend, Bill Flinn. The three of them became a mentoring group for me, which was absolutely fabulous. Rich in particular was always there for me when I had tough questions to be answered and decisions to make.

One day, Dick Troll said to me, "Why don't you get involved in AICC?" I said, "Sure. Let's see what happens." So in the early 1990s, I became involved with Region 11 here in Ontario, working on committees and eventually becoming a Regional VP.

About four or five years ago, Dick Kelley, then AICC President, asked me to enter the rotation that culminated in my becoming Chairman last fall in San Francisco.

BCN: What specifics come to mind when you think about the benefits of AICC membership?

Cooper: Training is always an ongoing issue with any company, and the hands-on corrugated experience that AICC offers is absolutely fantastic. The peer guidance I've received has been great. Largely through Rich Eastwood, I'm able to pick up the phone and talk to dozens of people our operations and the direction in which we are headed. The networking opportunities the AICC conventions offer are invaluable, and the knowledge exchange that both conventions and regional meetings offer is great.

More recently, the CEO group I belong to has enabled me to join a network of peers who know my operation and can offer terrific advice. But most important are the friendships I have developed.

It's important to belong to something, I've discovered. Some people shy away from involvement. I think that's a mistake. Rich Eastwood taught me that helping other boxmakers or opening your plant to visitors is a way of giving back. And I've found that this openness to others comes back to benefit you.

BCN: How would you assess the state of the associations?

Cooper: It's important to note that through both good and tough times, AICC is there for our members. Our membership is changing because of consolidation and buyouts, but at the end of the day, we have strong resources in support of us. The leadership that the Chairmen before me have provided has proven a solid foundation for me and those to follow me. In addition, Steve Young, Zell Murphy, and all the folks in the Washington office provide great vision for

our members. And finally, our long-range plan has mapped out a bright future for the association. In short, I'm bullish about what AICC does for its members and optimistic about AICC's future.

BCN: When I interviewed you earlier this year, you told me how participating in an AICC CEO Forum had turned you on to Lean Manufacturing. I know it's been the theme of your talks to AICC members at AICC regional meetings and it's the major theme at your Spring Meeting. Do you ever get tired of talking about it?

Cooper: No, not at all. I've never been so excited about coming to work these days, after all the changes we've made at C&B due to lean manufacturing. Lean manufacturing tackles all the issues a business owner faces today – being competitive, keeping customers happy, and growing the business. In fact, it's winning customers for us everyday.

If you looked at C&B two years ago and looked at us again today, you would see a total metamorphosis. It's like we've come out of the Dark Ages. Lean manufacturing has affected all aspects of our operation and brought our personnel to a different level: they're proud of what they do. It's also made us much more efficient and improved our cash flow.

John Mayol of Pacific Southwest Container was a real mentor for me on lean manufacturing. Thanks to his help, C&B began lean manufacturing in the fall of 2002. Since I became AICC Chairman last fall, I must have sent out 20-30 emails giving members ideas on starting lean manufacturing in their own plants. After I speak on lean manufacturing, as I've done at regional meetings around the country this year, I'm surrounded by members eager to start the process. In my talk, I include 'before' and 'after' pictures of our plant, and people really get excited seeing these visuals.