

Lean to the future:

# How Brunk Industries addressed their new norm head on.

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It would have been easy to believe everything was going well enough. That was until fourth quarter of 2008, when our two largest medical device customers told us we needed to reduce our costs by 25% in the next two years or we'd no longer be a preferred partner.

In light of the economic downturn, the demand to reduce costs was not a complete surprise. Endowment investments that offset operating costs of hospitals across the country were hit hard. Hospitals pressured medical device companies to cut costs. Medical device companies then turned to their suppliers to do the same.

We're certainly proud of our reputation as one of the few premier precision stamping companies in the world. Our revenue comes from designing and building complicated tools and stamping precision parts used by medical device companies. Many of our parts are difficult to see without magnification. My father, who started this company with my mother 50 years ago, is a grateful recipient of one of our customer's pacemakers using parts made at Brunk.

Our challenge was to drive costs out of our current business model and operations so we could continue investing in people and technology.

I was also challenged with how to present such a serious situation to our employees. I couldn't simply walk into a room and pass along the message. That would cause unnecessary anxiety. So I asked our customers to help share why we needed to improve and the benefits we'd enjoy if we did. They each stood in front of our entire company and said, "In order to remain competitive, you need to reduce your prices. And if you can pass this test, we'll send more business your way." You could have heard a pin drop. It was a tense moment but also energizing because it motivated us to make change happen in exchange for new business.



## Where to turn.

To reduce costs by 25%, we had to eliminate wasteful activities and break very old habits—lots of them. And, I knew that until employees could effectively communicate with each other, they could never operate at their highest potential. Changing habits doesn't come easy. I needed a continuous improvement culture where improvement was simply top of mind and effective communication was the norm.

We knew the challenge was too big to tackle alone so we turned to Wipfli for help. They had been serving us well as our tax and audit firm for many years. And because of their expertise in continuous improvement, we had also invited them to speak on the subject at our company meetings. Now, with our customers' cost reduction demands in front of us, we asked Wipfli to put a serious program in motion.

We tried other programs that just never seemed to stick past the initial excitement. Wipfli stood out because they truly understood the importance of building trusting relationships with our people and how to sustain change. The solution wasn't merely about defining the problems and telling us what to do. It was also about working next to us to get the work done.

## Getting started.

An employee contest resulted in the naming of our continuous improvement journey, "Lean to the Future." It included every area of the company—from the shop floor to the design office to the executive level. We asked Wipfli to help us reach the following objectives:

- Eliminate wasteful activities.
- Build a culture of continuous improvement.
- Create momentum and sustainability.
- Increase press availability.
- Reduce set ups.
- Reduce operating costs.
- Reduce breakeven point.

Our primary corporate goal for the past several years had been to increase effective communication, but we experienced limited success. We felt we first needed to give our people additional help in achieving this goal because, without effective communication, our lean journey would be doomed. We engaged Wipfli to train all of our key people in the art of crucial conversations. As a result, we saw verifiable evidence that long-standing communication barriers were starting to come down, and people who had difficulty communicating in the past were actually working together.

After a few months, I started to notice our problem solving was taking on a new look and we were actually sustaining change. We were becoming experts in:

- Defining, measuring, analyzing, improving, and controlling critical processes.
- Developing and delivering effective communication.
- Focusing on improvement initiatives that had real customer or financial leverage.

Our journey began in January of 2009. I'll be the first to say the early days held their share of tension. But Wipfli's approach has brought stability to our lean journey. The goal was to get all employees thinking about improving root causes of problems, not simply fixing symptoms. As part of the Wipfli process, all employees were educated on the principles associated with continuous improvement and lean. That led to the start of developing a single vocabulary the entire company could use. Wipfli also used a series of assessments to get to know individuals and departments and understand the human dynamics associated with change.

Using a process Wipfli calls "value stream mapping," we physically walked each process, starting where the material comes in all the way through the production and shipment to the customer. We studied each physical step, paperwork, and all the people involved. After analyzing the information, projects were identified and the real problem solving began. The value stream map is great because it slows everything down. When people are busy working, it's difficult to stop and think about every piece of the process. But once you're shown each step, you're amazed by all the "ah ha" moments the group experiences.

***"What makes Wipfli so powerful is that they not only helped us plan where we needed to go, they helped us get it done. In press room time alone, they helped us reduce downtime by 42%. We gained a lot of press capacity for free."***

## Results over the first 12 months.

Tool related press downtime	Press room quality approvals	Set ups on targeted presses	Targeted secondary operations	Press room productivity
42% time reduction	15% time reduction	50% reduction in set up time	36% improvement in productivity	25% increase in press room productivity

### Turning things around.

Until people slow the process down, they don't see what's happening between the non-value adding steps. We discovered these non-value adding activities made up between 50% and 90% of the entire process time—another “ah ha” moment for many. The primary causes of downtime fell into three main areas: tool room die maintenance, press room set ups, and quality approval.

Fixing or maintaining dies absorbed a tremendous amount of time. After completing the value stream mapping process, we set a goal to reduce die maintenance related downtime by 50%. To date, downtime has been reduced by 42%. Amazingly, we've also changed veteran toolmaker perspectives that I thought were steadfast.

Moving on to press room set ups, we calculated the cost for every minute that presses don't run. Our calculations proved downtime and lost capacity dollars significant enough to get everyone's immediate attention.

We focused much of our attention on some of the larger presses that drove most of the downtime costs. Wipfli video taped press operators and worked with our team on changing inefficient habits. You have to expect a bit of humor when viewing what actually occurs during a set up. A relaxed atmosphere made our team feel less defensive and more receptive to making changes. To date, several set ups that once took two hours now take 30 minutes, resulting in a substantial increase in press capacity. Our goal is 15 minutes.

A change in the physical environment was needed at times to eliminate wasteful activities. The quality approval process, including the people who support it, was also part of the change. Quality approval is critical to our success. Failure could result in complications during surgery or a life-threatening situation, so we couldn't sacrifice accuracy for speed. However, by simply moving measurement equipment closer to the presses, quality approval turnaround times improved and communication between press operators and QA technicians dramatically improved.

Wipfli's employee engagement approach included several methods to educate employees. Classroom time plus reinforcement such as newsletters, banners, contests, and TV screens placed throughout the facility were all designed to help everyone see and discover wasteful activities and then find ways to eliminate them.

Of course, monitoring our success was an integral part of the program. Wipfli implemented a QlikView software program that leverages electronic dashboards. Located throughout the plant, QlikView shows our progress and helps us do analytics our current ERP systems couldn't. With real-time, accurate information right in front of us, we can create “what if” scenarios and make better decisions quickly.

To get the work done, Wipfli employees came in a couple of days a week and worked side by side with our people. One was an HR specialist who was very helpful in facilitating crucial conversations during difficult moments when individuals were asked to change. We also shared very early in the process that everyone would experience change and this wasn't just a shop floor exercise. In fact, some were asked to do different jobs and others' responsibilities changed. A few decisions were difficult, sure. But part of my goal is to continue growing with the 200 people we have today.

### Good numbers.

Wipfli has driven a tremendous amount of cost out of our business.

What makes Wipfli so powerful is that they not only helped us plan where we needed to go, they helped us get it done. Our employees see the benefits of this program every day. We have far more conversations about the things that are going well than the things that aren't, and driving out wasteful activities is now part of the Brunk Industries culture.

#### For more information, contact

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