

Lean Thinking

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Grupo Fernando Simao

- Family business founded 1947, Oporto
- 3rd largest car dealer group in Portugal
 - Represent 16 brands in total
 - » Including some in a joint-venture operation
 - Largest seller of Opel in Portugal
 - Recently expanded into Spain (another 5 brands)
 - Expect to sell 9000 new cars in 2005 (5% share)
- 950 people in 38 businesses including:
 - 14 used car showrooms, body-repair shops, parts wholesaling operation, property company



How our Lean journey began

- Oct 99: Pedro Simao to ICDP seminar
 - Kiff / Brunt: Lean Dealer presentation
- Dec 99: Simao & Kiff met in London
 - Vision of 'Hunting to Farming'
- Jan 00: Simao request for help
 - “How do I implement Lean?”
- Mar 00: Dave Brunt visit to Oporto
 - Walked the process. Masking tape
 - Taught value stream mapping (Provision)

What we learned

- We were optimising each separate area
 - But cars waited between each area
- Our housekeeping was poor
 - Much more than rolls of masking tape!
- We also:
 - Launched jobs by loudest customer
 - Had no idea if we were behind or ahead
 - Pushed work through the shop

What we needed to do

- See the process as a whole
- Try to flow vehicles
- Not launch any jobs until had all parts
- Create a process control board
- Separate jobs from simple to complex
- Measure our Customer Fulfilment
 - “Right first time on time, every time”
 - Root-cause reasons for failure to fulfil

What we then planned for the next 12 months

- Used car preparation process
 - Prepare & deliver a car to order in 3 days
- Body repair
 - Reduce waste, reduce lead times by 30%
- After-sales
 - Raise customer fulfilment to 80%
- Parts process
 - Develop a JIT system to support the above

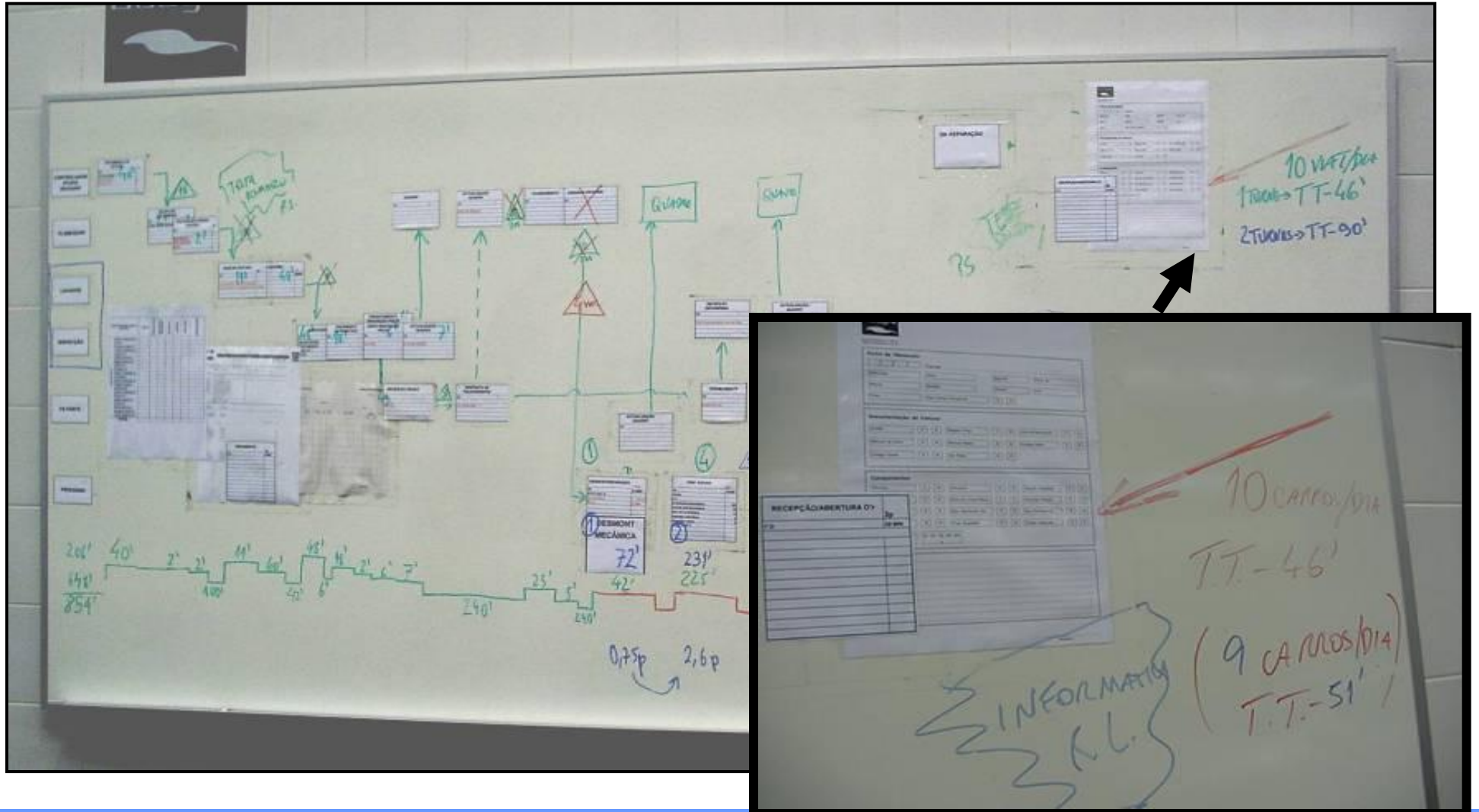
Example 1: Used Cars

Aim: Prepare to order in 3 days

- 'Bodyfit' facility
 - Designed by 'experts'
 - 3x too big, wrong layout
- Lean improvements:
 - Value Stream Map, Takt Time
 - Process Activity Maps, Standardised Work
 - All aimed at developing Flow and Pull
- Sales interface: sell from sample
 - Stock visible to salesmen who 'pull' car



Value Stream Map and Takt




Process Activity Mapping to achieve standardised work



SEQUÊNCIA DE TRABALHO

PARACHOQUES FR → CAPOT → GUARDA LAMAS DT →
 - PORTA FR. DT → PORTA TR. DT → TEJADILHO →
 - ILHARGA DT → PARACHOQUES TR →
 - TAPADA DA MALA → ILHARGA ESQ →
 - TEJADILHO → PORTA TR. ESQ → PORTA
 FR. ESQ → GUARDA LAMAS ESQ.

VERIFICAR OR



SEQUÊNCIA DE TRABALHO

OPERACIONES	OR	TIPO	UNID.	TIPO	UNID.	TIPO	UNID.	TIPO	UNID.
1. PARACHOQUES FR	80	1	1	1	1	1	1	1	1
2. CAPOT	80	1	1	1	1	1	1	1	1
3. GUARDA LAMAS DT	80	1	1	1	1	1	1	1	1
4. PORTA FR. DT	80	1	1	1	1	1	1	1	1
5. PORTA TR. DT	80	1	1	1	1	1	1	1	1
6. TEJADILHO	80	1	1	1	1	1	1	1	1
7. ILHARGA DT	80	1	1	1	1	1	1	1	1
8. PARACHOQUES TR	80	1	1	1	1	1	1	1	1
9. TAPADA DA MALA	80	1	1	1	1	1	1	1	1
10. ILHARGA ESQ	80	1	1	1	1	1	1	1	1
11. TEJADILHO	80	1	1	1	1	1	1	1	1
12. PORTA TR. ESQ	80	1	1	1	1	1	1	1	1
13. PORTA FR. ESQ	80	1	1	1	1	1	1	1	1
14. GUARDA LAMAS ESQ	80	1	1	1	1	1	1	1	1

Flow and Pull at Bodyfit



Visual signal: 'take this one next'

Interface with Sales



Small showroom, sell from sample

Example 2: After-Sales

Aim: Raise customer fulfilment to 80%

- Dealer workshops
 - Were poorly planned
 - Had poor fulfilment
- Lean improvements:
 - Pre-diagnosis of cars
 - Planning board
 - Jobs allocated to teams
 - Standard work on service jobs
 - All supported by 5S

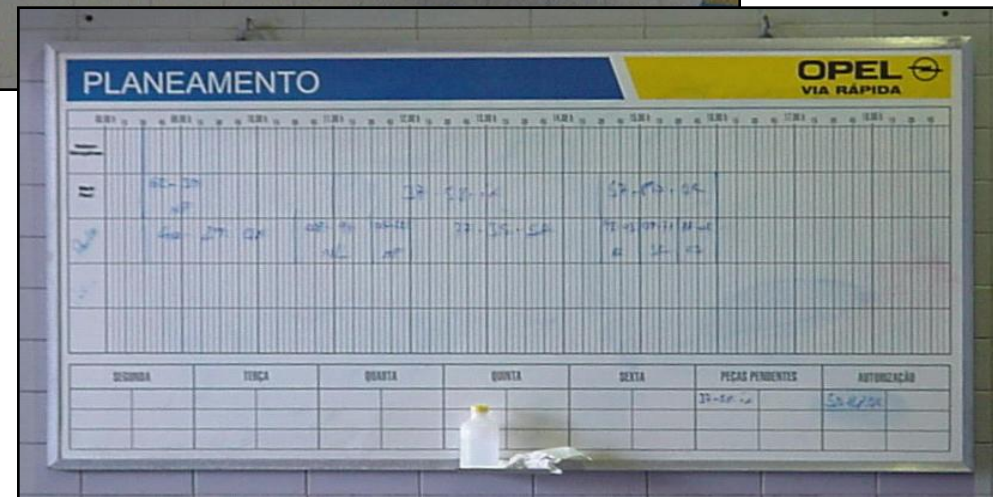


Pre-diagnosis of cars

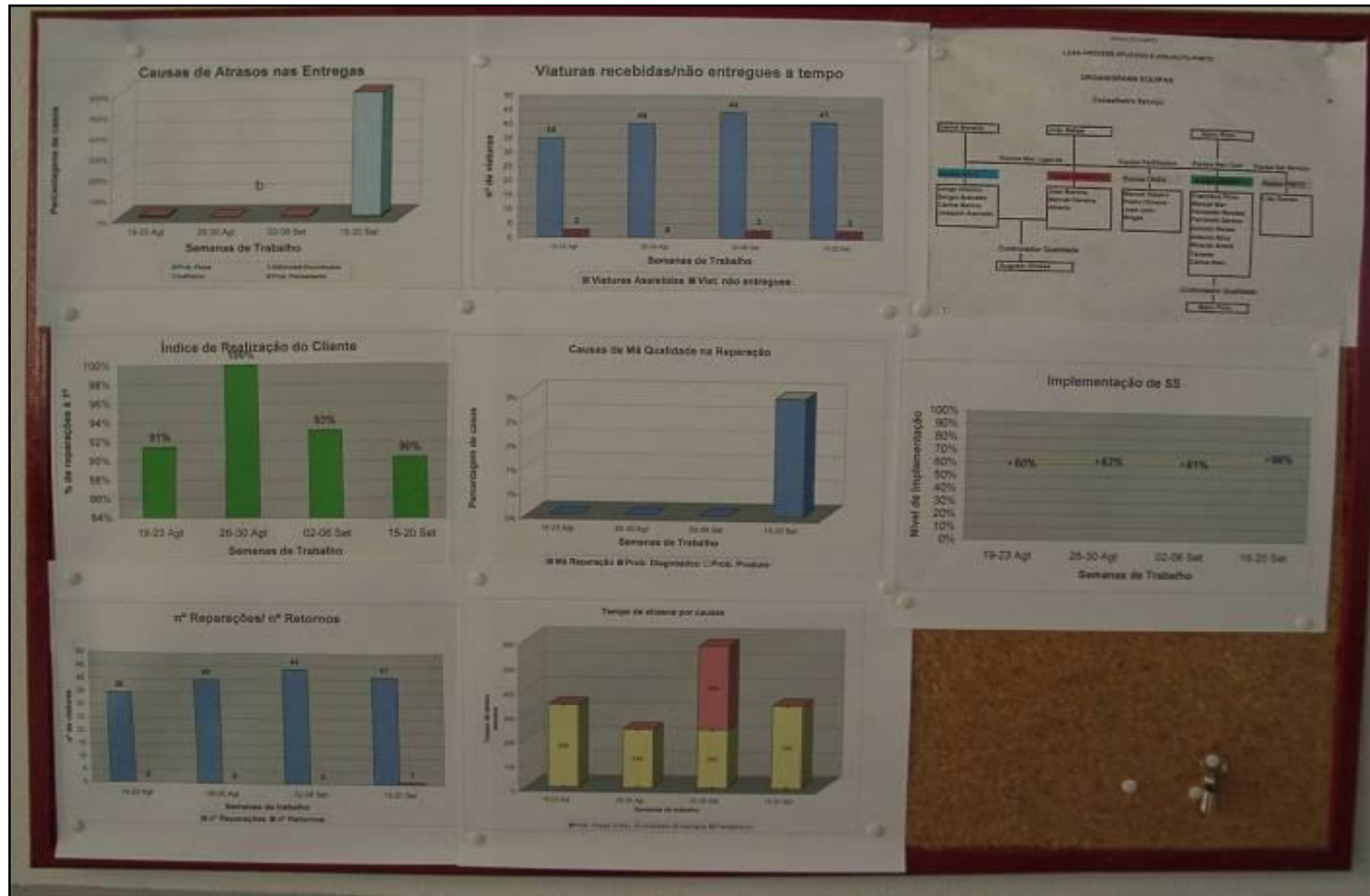


Planning boards

Allocating jobs to teams



Measuring fulfilment



Example 3: Parts Supply

Aim: Support the Value Streams JIT

- Each dealer had its own stock of parts
 - Result: too much wrong stock, expediting
 - Customer fulfilment failure – and cost!
- Lean improvements:
 - Centralise parts stores for main brands
 - Centralise 'consumables' stores
 - Frequent, JIT deliveries each day
 - Minimise parts at dealer workshops
 - Automatic replenishment by supplier

Centralised parts JIT delivery



Centralised consumables

JIT delivery



Lean Provision: Not Enough

Need Lean Solutions

- Lean: customers happier, more profit
 - But still not perfect for customers
- Strategic objectives:
 - 100% customer's motoring spend for life!
 - Retain all cars of the brands we sell
- Depends not only on Lean Provision but also on the other element of the Hunting to Farming concept:
 - **Customer Account Management**

Customer Account Management Team

- Objectives:
 - Win 100% of motoring spend
 - With Lean process, build lifetime loyalty
- Base: Simao HQ
 - Managed with visual boards + database
 - Team of 10, focus: high-mileage drivers
- Huge increase in loyalty and profit



Current Status & Conclusion

- Not all complete in 12 months
 - But all projects were in operation
- Since 2001 continuously improving
 - And extending to other parts of the group
- Now centralising parts for all brands
 - Centralising body repair too
 - » More space for more sales and after-sales!
- Lean and Customer Account Managers
 - Core part of our ongoing strategy

Lean Consumption Meets Lean Provision

Thank you!

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