

Sustaining Growth in Tough Times

Can growth have a dark side? For many businesses, rapid growth has actually swamped their ship.

Business Challenge



Industry: Precision computer numeric control (CNC) machining services

President of Latva Machine Inc, Mitch Latva, observed a few critical issues developing. As a smaller company, it had been easy to know what was happening on the floor at any given time. The increasing volume of work created a breakdown in communication. It was no longer possible to pick up a clipboard and see the progress of a project. Read the following case study to find out how Latva increased profit and created up-to-date training, technology and communication processes.

When Latva nearly doubled in size, growth created new challenges such as tracking projects' progress, continued production at the highest quality parameters with minimal senior executive involvement, and increasing profits as production increased.

Solution

Latva drew on the expertise of Whit Mitchell and Ron Price of Price Associates to take senior leadership through a series of insightful interactions focused on implementing total quality management (TQM).

- Four days of training
- 12 months follow-up
- Executive coaching for five senior managers.
- The goal? Increasing profit and creating up-to-date training, technology and communication processes.

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Four days away from work for the TQM training was worth every minute according to Mitch Latva. Learning TQM principles through real-life Latva situations engaged the managers. Looking at processes, rather than placing blame, helped the team come to solutions and make plans for moving forward. By the end of four days, the team had resolved to pursue the following projects:

- Improve the purchase order routing system.
- Implement training for all employees to improve efficiencies, decrease scrap and rework, and increase quality.
- Create a checklist for the set-up process – to insure accuracy.
- Establish a process giving operators enough information to produce an accurate first piece for inspectors, reducing production delays and rework.
- Energized by these initiatives, the team returned to work enthusiastic about implementing their projects.

Change brings challenge, even positive change. Management's enthusiasm did not necessarily transfer to operators and staff. Many were hesitant to embrace change when things seemed to be going fine. However, as employees saw management's willingness to be the first to change and their commitment to everyone's success, most joined the movement.

About this time, the nation's economy began a downward spiral. The temptation was to drop everything and panic. But the Latva organization held on to their TQM vision and continued to implement their projects.

Company Profile

Since 1979, Latva Machine Inc. (Latva), has been providing quality CNC machined components, prototype machining and micro-machining services for a broad spectrum of industries including the aerospace, medical, military and firearms sectors.

In the Client's Words

"The management TQM training sessions Price Associates provided left our people buzzing with excitement."

-Mitch Latva, President, Latva

Results



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- Streamlined inspection process creating fewer work interruptions.
- A 90% efficiency rate resulting in extremely low scrap rate (1.4%) and significantly fewer returns and reworks.
- Approximately \$400,000 in savings across the board.
- Clarity in direction and expectations.
- Positive morale and confident high-quality workers
- An 8.5% increase in profit margin.
- Development of a new Human Resources department
- Empowerment. When top leadership is away, the company continues to produce at the same level of efficiency and quality.

The greatest accomplishment in this process, especially in the face of current global economic collapse, is that Latva, as an entire organization, is working with confidence in both their product and their future.