

# Generating Internal Profits

TURN  KEY

industrial engineering  
services, inc.



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## Adding Value through Process Improvement

CSC Production  
Management Workshop  
October 22, 2003

# Agenda

- Professional Background
- Goal of Presentation
- Definitions
- The Midas Touch Approach
- Hands-on Exercise
- Conclusion

# Professional Background

**TURN**  **KEY**  
industrial engineering  
services, inc.



## Who we are

Engineering services company with expertise in architecture, engineering, construction & operations.

## What we do

Provide facility planning and process improvement services for the laundry industry.

## Why we are different

Utilize multi-disciplined experience to provide the best solution for improving your plant operations.

# Generating Internal Profits

*Adding Value through Process Improvement*

## Goal of Presentation:

Show you how to add value by improving your internal processes.

# Generating Internal Profits

*Adding Value through Process Improvement*

What is profit?

- Common definition:  
The excess of returns over expenditures
- Broader definition:  
A valuable return

# Generating Internal Profits

*Adding Value through Process Improvement*

What is external profit?

- Value created from sources outside of your organization.
- Highly visible to your customer.
- Examples:
  - Price Increases & Accessorial Charges
  - Increased Sales & Growth
  - Improved Customer Service

# Generating Internal Profits

*Adding Value through Process Improvement*

What is internal profit?

- Value created from sources within your organization.
- Mostly invisible to your customer.
- Examples:
  - Cost Reductions
  - Quality Improvements
  - Increased Efficiency

# Generating Internal Profits

*Adding Value through Process Improvement*

What is process improvement?

- Modifying a series of operations or actions to gain a benefit.
- Not just cutting costs; also includes adding value.

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## The Midas Touch Approach

### The Goal:

Minimize touches and maximize value.

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## The Midas Touch Approach

### How it works:

Review each process step to make sure it adds value from the customer's perspective.

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## Value from the Customer's Perspective

“Provide clean, good quality, customized textile products in a timely manner for a fair price.”

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## Customer Values:

1. Cleanliness
2. Quality
3. Customization
4. Timeliness
5. Price

# Generating Internal Profits

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## The Midas Touch Approach:

- Internal processes must directly or indirectly support the customer's values.
- Example of direct support:  
Washing process contributes to cleanliness.
- Example of indirect support:  
Soil sort process provides proper soil segregation which contributes to cleanliness.

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## The Midas Touch Approach:

### Step #1

Define the process.

### Action Taken:

Develop a process flowchart.

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What is a process flowchart?

- Diagram used to document a series of actions.
- Graphical definition of a complicated system.
- Must accurately depict **actual** work flow.
- Should be simple and concise.

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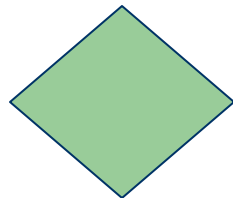
## Process Flowchart - Symbols & Terminology



= Start & Finish



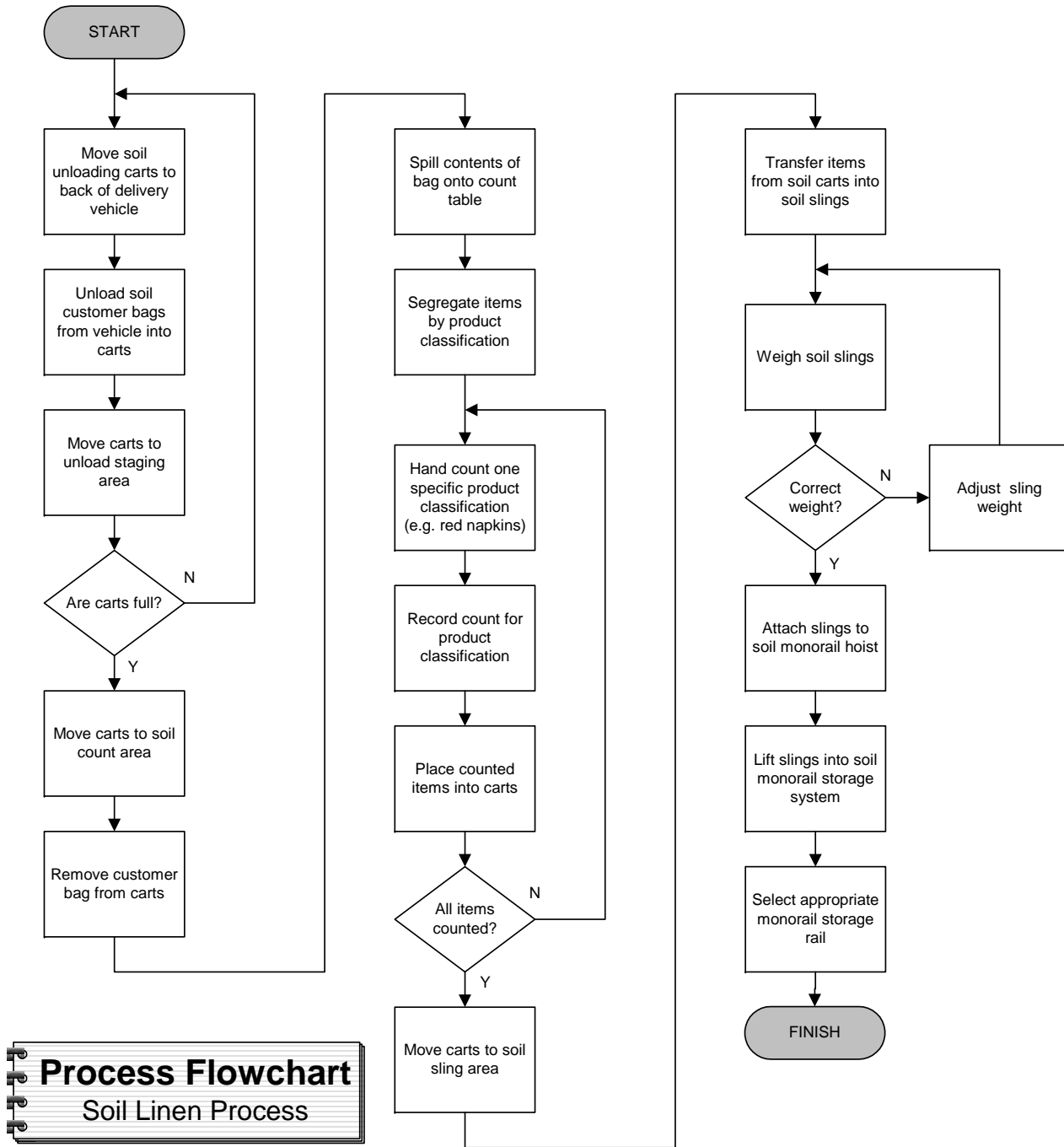
= Process Steps



= Decisions



= Direction of Flow



**Process Flowchart**  
Soil Linen Process

# Generating Internal Profits

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## The Midas Touch Approach:

### Step #2

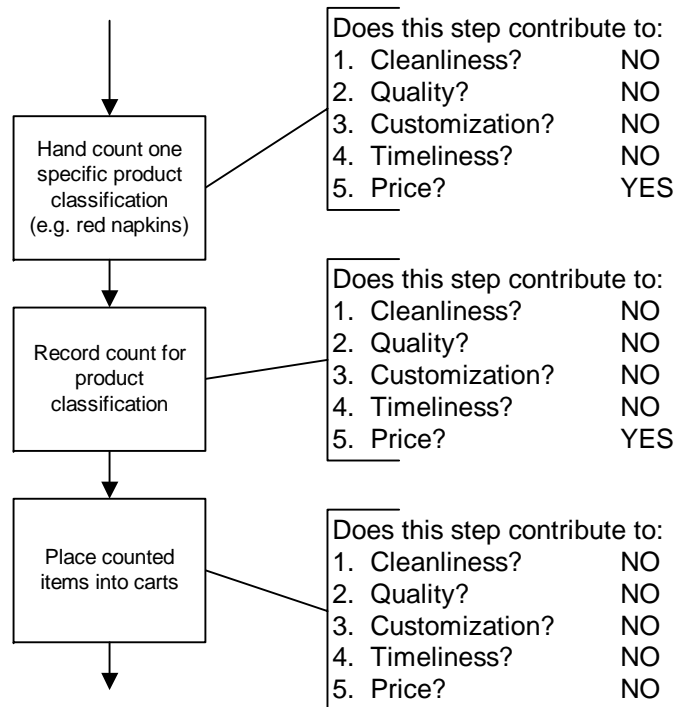
Compare the steps in the process to the customer values.

### Action Taken:

Ask yourself, “Does each step add value from the customer’s perspective?”

# Generating Internal Profits

## *Adding Value through Process Improvement*



The following steps provide value to the customer :

Hand count one specific product classification (e.g. red napkins)

Record count for product classification

The other step does not add value.

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## The Midas Touch Approach:

### Step #3

Improve steps that do not add value.

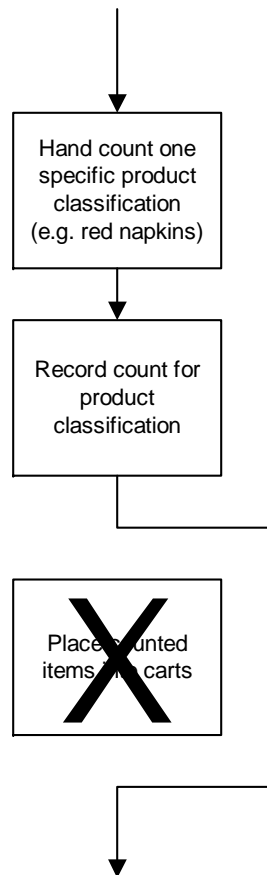
### Action Taken:

Identify steps that do not add value and:

1. Eliminate them
2. Simplify them
3. Increase their value

# Generating Internal Profits

## *Adding Value through Process Improvement*



The third step can be eliminated by utilizing a vacuum count system.

Items are automatically transferred to a soil sorting conveyor or to soil slings.

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## Why do you want to **simplify the process**?

- Reduces exceptions
- Increases rate of repeatability
- Improves standardization
- Makes employee training easier



*Processes should be simple & repeatable.*

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## The Midas Touch Approach:

### Step #4

Improve steps that add value.

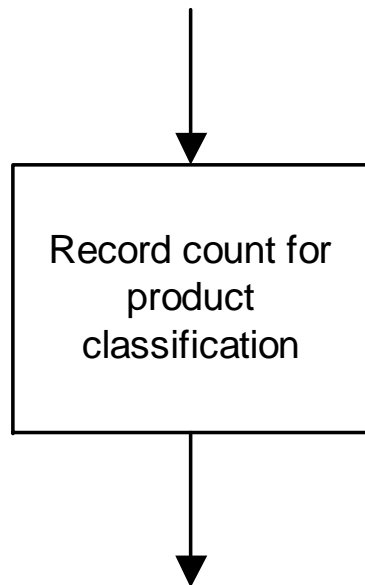
### Action Taken:

Identify steps that add value and:

1. Simplify them
2. Increase their value

# Generating Internal Profits

## *Adding Value through Process Improvement*



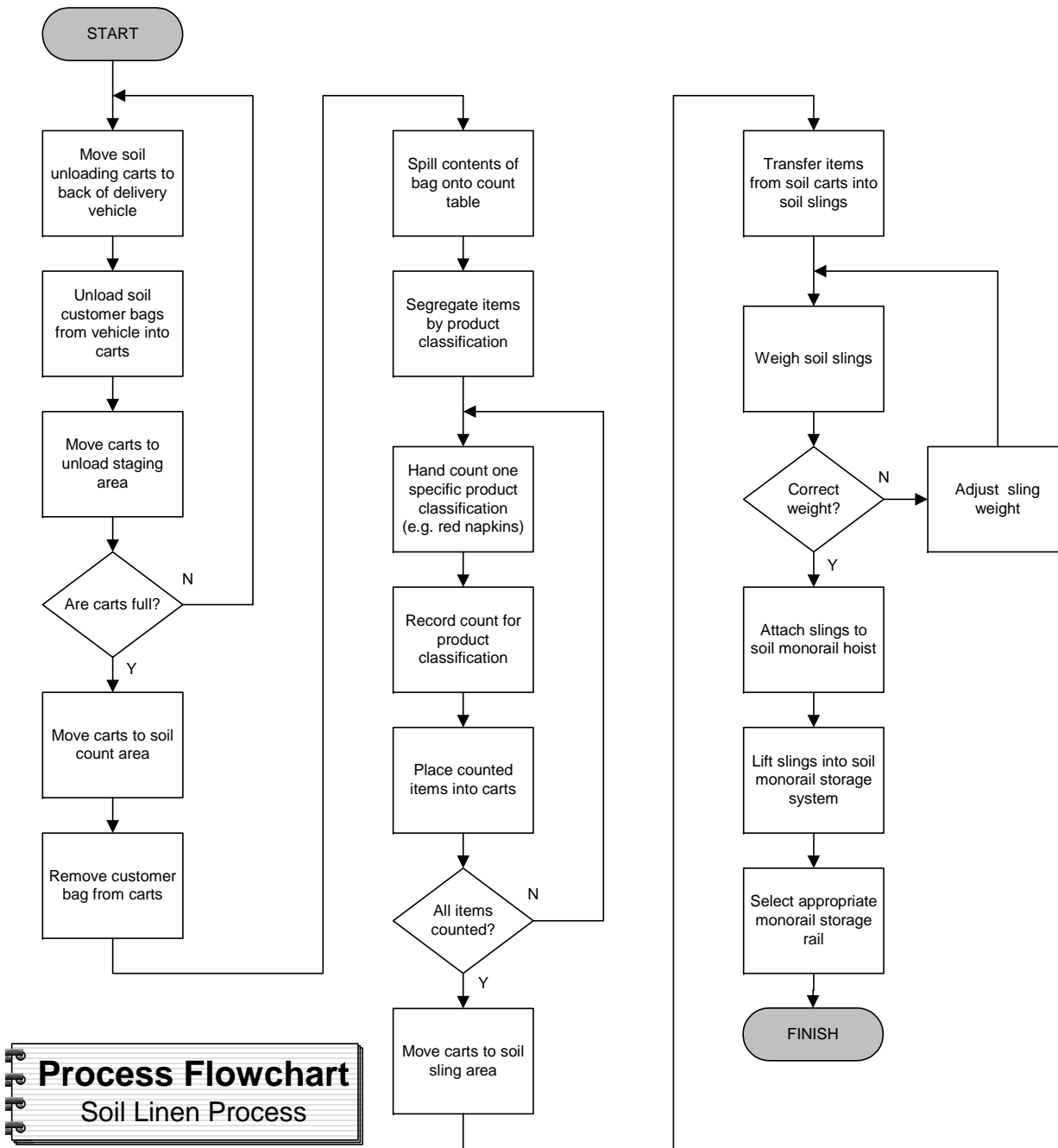
The following value-added step can be improved by:

- Using a soil counting system that records counts automatically.
- Entering the soil count information directly into the route accounting system.

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## Hands-on Exercise



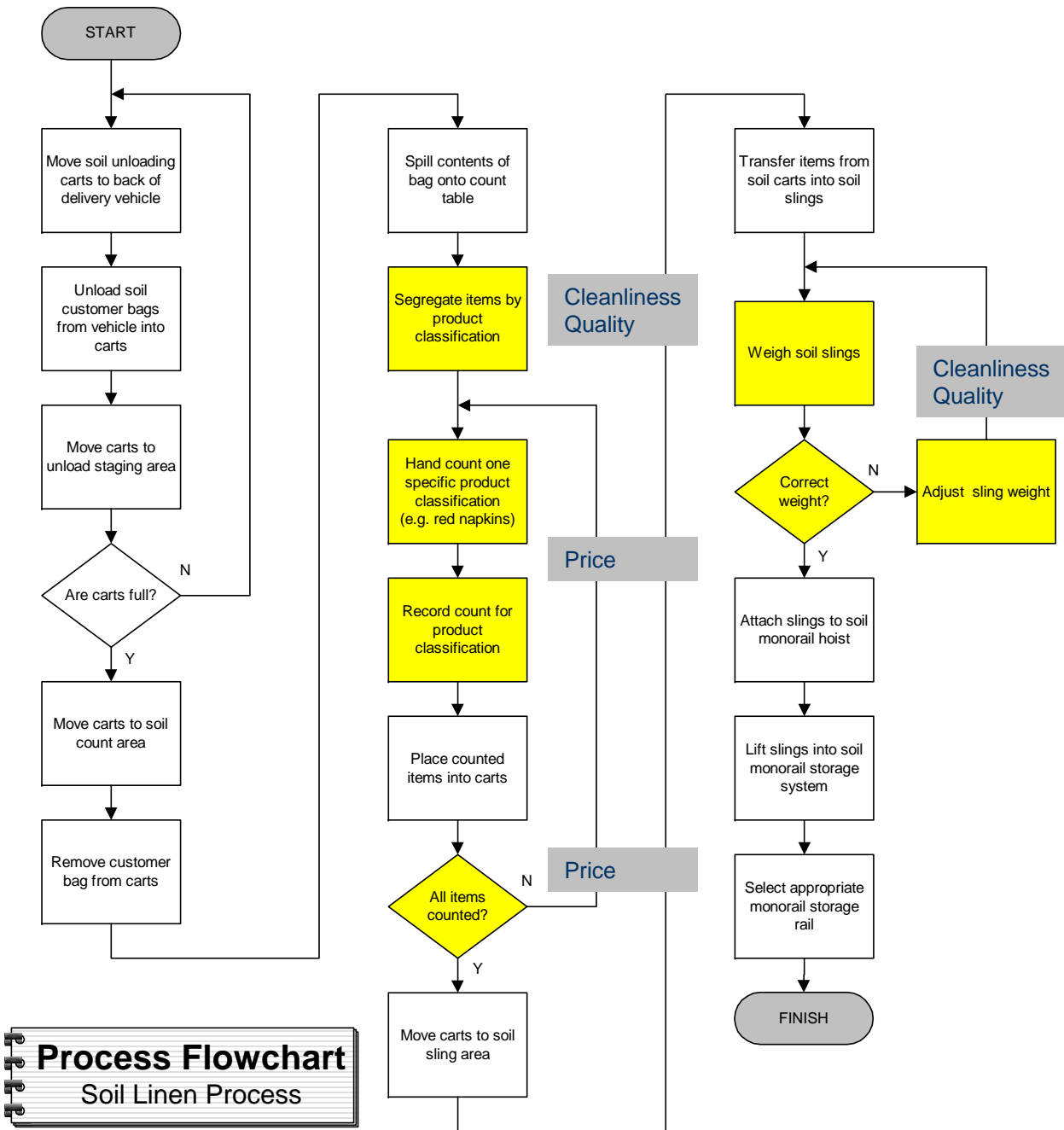
**Process Flowchart**  
Soil Linen Process

**Exercise:**

Define those steps in the process flowchart that add value from the customer's perspective.

**Customer Values:**

1. Cleanliness
2. Quality
3. Customization
4. Timeliness
5. Price

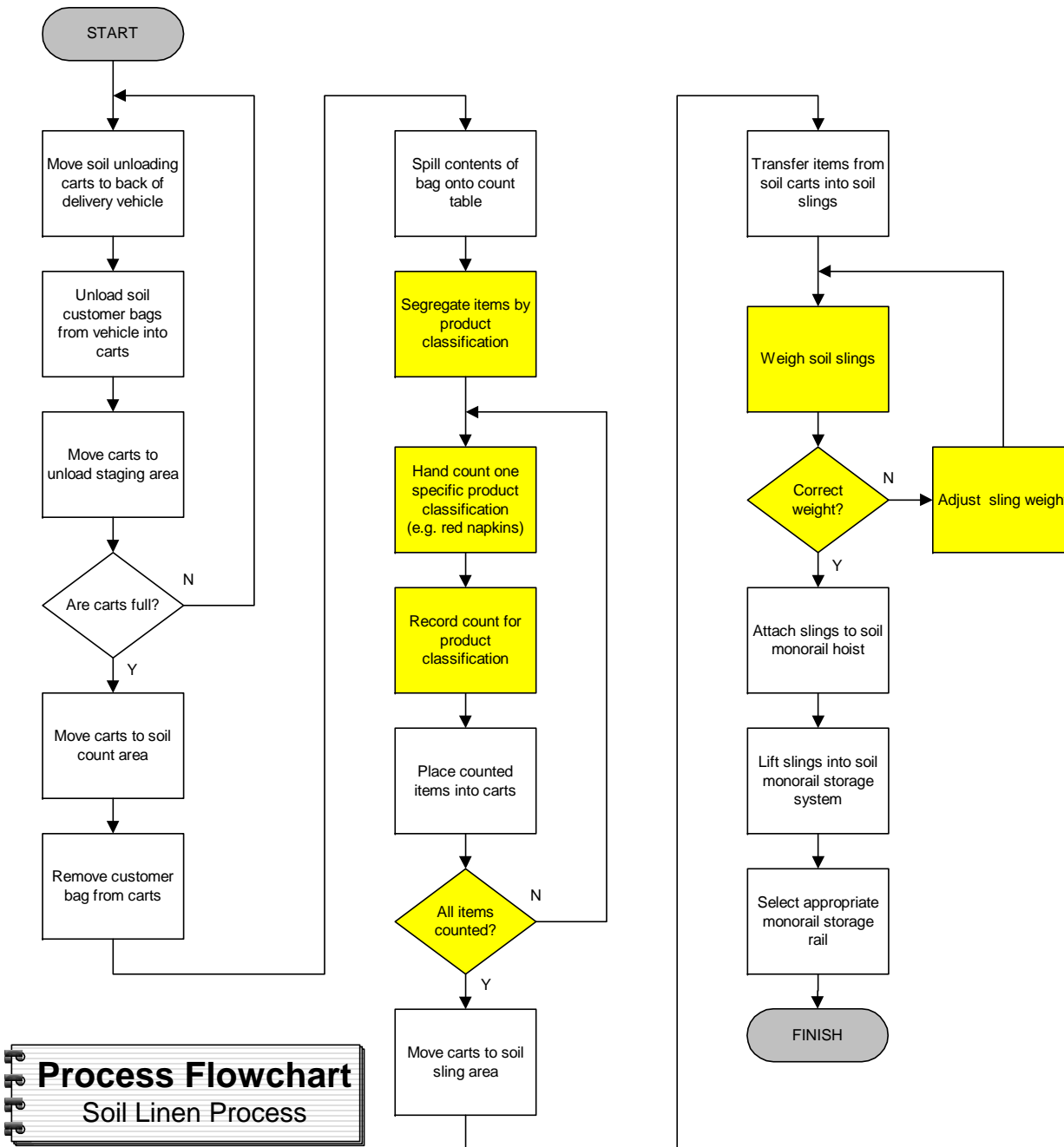


**Process Flowchart**  
Soil Linen Process

**Results:**

The steps highlighted in yellow add value to the process.

The remaining steps do not add value. They exist in order to transfer products from one value-added step to the next.



**Process Flowchart**  
Soil Linen Process

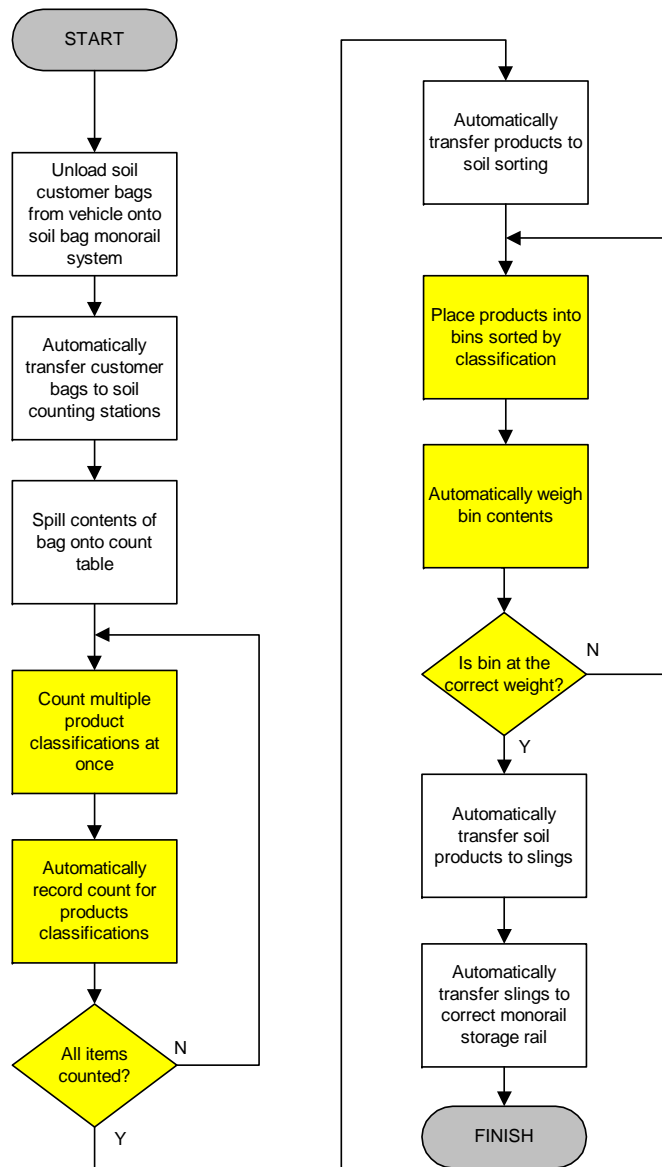
**Exercise:**

First, improve the steps that do not add value by:

1. Eliminating them
2. Simplifying them
3. Increasing their value

Second, improve the steps that add value by:

1. Simplifying them
2. Increasing their value



**Improved Process Flowchart**  
Soil Linen Process

## Results

The process was improved by installing:

- Customer bag monorail system
- Vacuum count system
- Automated soil monorail system

Process steps: 20 ⇒ 12

Non-value add steps: 13 ⇒ 6

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## Process Improvement Exercise:

- Cost of project: \$400,000
- Total Savings: \$150,000 per year
- ROI: 2.67 years
- Value Adds:  
Decreased unloading time, improved soil count accuracy, accurate washer loading, accurate poundage tracking, reduced employee injuries, etc.

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## Conclusion:

- Look for **internal** profits.
- Use the Midas Touch Approach to simplify your processes and increase value.
- Turn opportunities into \$\$\$.