

Changing Your Methods for These Harder Times: Fabco-Tontarski, Inc. — A Case Study for Lean Manufacturing

Dan and Terry Tontarski, Owners
Fabco-Tontarski, Inc.

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WATERTOWN, NY— *The building market has made a turn for the worse in most areas of the country. Many companies are talking about cutting back on any expense they possibly can. So let me ask you a simple question: Have you changed your methods, or are you simply trying to do the same things with fewer sales? If you are not willing to make changes now that the market has turned sour, when will you be willing? The big three North American auto manufacturers are clear examples of companies who refused to make changes until they absolutely had to because of lost sales. Do not wait until it is too late for your company.*

Here is an excellent case study of one company that made changes before it was brought to its knees because of market conditions...

Dan and Terry Tontarski (Owners of Fabco-Tontarski, Inc.) state, "Our company has been profitable and always has been competitive in our market. We are aware that markets change, for good or bad, and we wanted to prepare ourselves for the future market changes. Knowing this, we realized that our bidding and costing relied too much on averages and end-of-month results. We wanted to know what each and every order actually should and did cost to manufacture. To do this right, we needed to track our true labor costs and labor efficiencies. This has always been a daunting task for the truss industry.



Todd provided his time standards (truss labor estimations) with his consulting services. He also provided his labor-tracking software. This was the one-two punch we needed to tackle this daunting task. The time standards gave us accurate benchmarks to estimate and judge our productivity. The software tracked the results with very little effort.

We now have every order tracked in detail, down to each employee's contribution. Every order can be viewed for labor efficiencies and actual labor costs. Now we know how much any type of order should and did cost us for time and labor."



Now please take a moment and think about the practices in your company. Do you only use the truss engineering software's costing numbers for your costing without actually tracking the true cost in your shop? Do you look at the end-of-month labor costs and compare overall expected labor costs versus estimated? If you do, you are a typical truss manufacturer who normally does not know if true costing works on every order. When the market shrinks and the gross margins become tighter, you may actually be paying some customers to buy your trusses from you.

Here are some simple changes to help you stay competitive and to endure during this downward building cycle:

- 1. Compare the estimated versus the actual labor efficiencies using good time standards for the baseline.*
- 2. Compare the estimated versus the actual labor costs.*

Only when you really know the estimated versus actual for every order will you truly understand that your bidding and costing is accurate. The greater the pressure to shrink the gross margins on each new sale, the greater the need for an accurate understanding of labor efficiencies and labor costs in your company. It may come as a shock, but sometimes you may actually want to walk away from a potential sale.

Now, there is no excuse for not tracking all of the orders in your shop with little effort. You can lease the Truss Shop Labor Tracking Software for only \$250/month (per manufacturing location/U.S. funds). This is very little money spent for huge returns. Every order's actual versus estimated man hours and labor costs are just a few mouse clicks away. The program even has an automated incentive module so you can reward your better-performing crews.

If you truly want to change your practices, then consider my Lean Manufacturing Consulting services. I provide time standards for all truss manufacturing (known as the Houlihan Method). You will have a reliable baseline from which to judge the productivity of your labor and the labor costing for estimations. During the consult, I also provide best practices based on proven lean manufacturing principles that are being used by the best of companies. You can read about these services and my labor tracking software on my Web site. (www.todd-drummond.com)

This type of change will greatly enhance your chances of staying profitable... so stop trying to do the same things and expecting different results. Make some real changes!

For more information on Todd Drummond Consulting services call 603.763.8857 or circle Reader Service No. ____.