



Lean Enterprise, Business & Industry Strategy

**Lean Enterprise & Industry Practices
(Case Study : Lean Enterprise in
Indonesia Industry)**

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I. Introduction



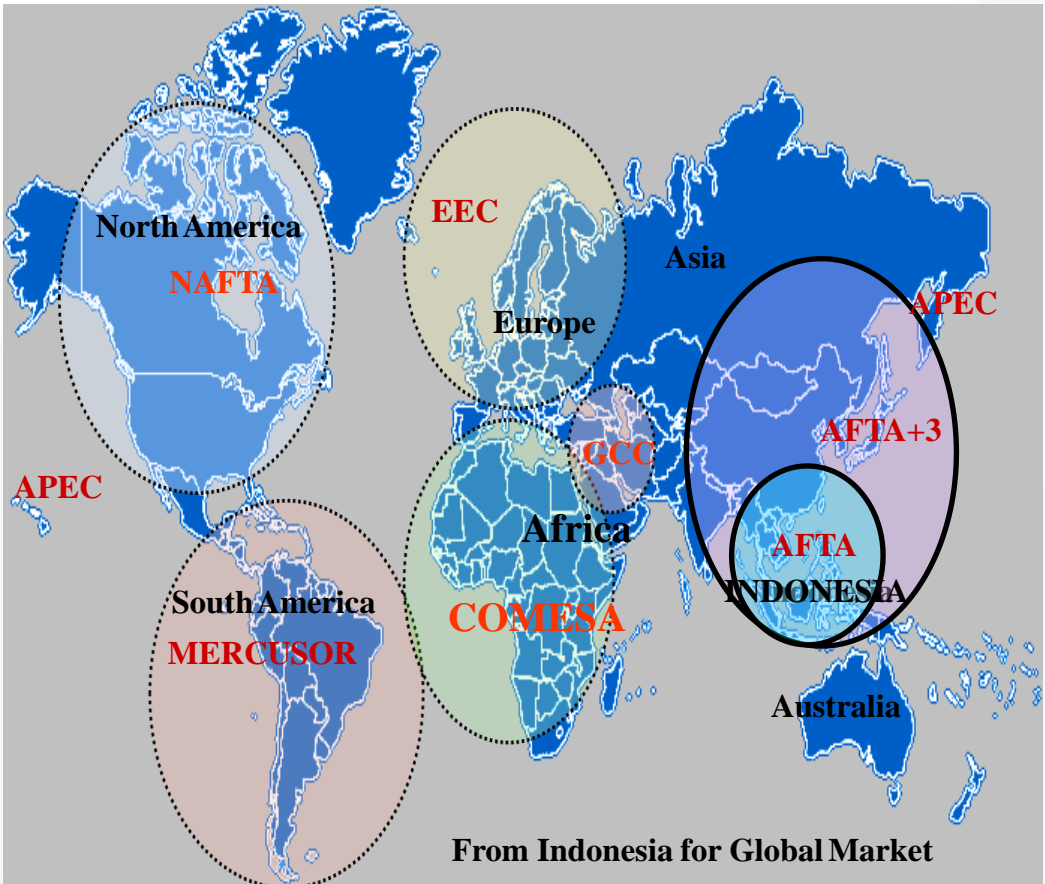
CURRENT STATUS OF INDONESIA INDUSTRY & LEAN INDUSTRY



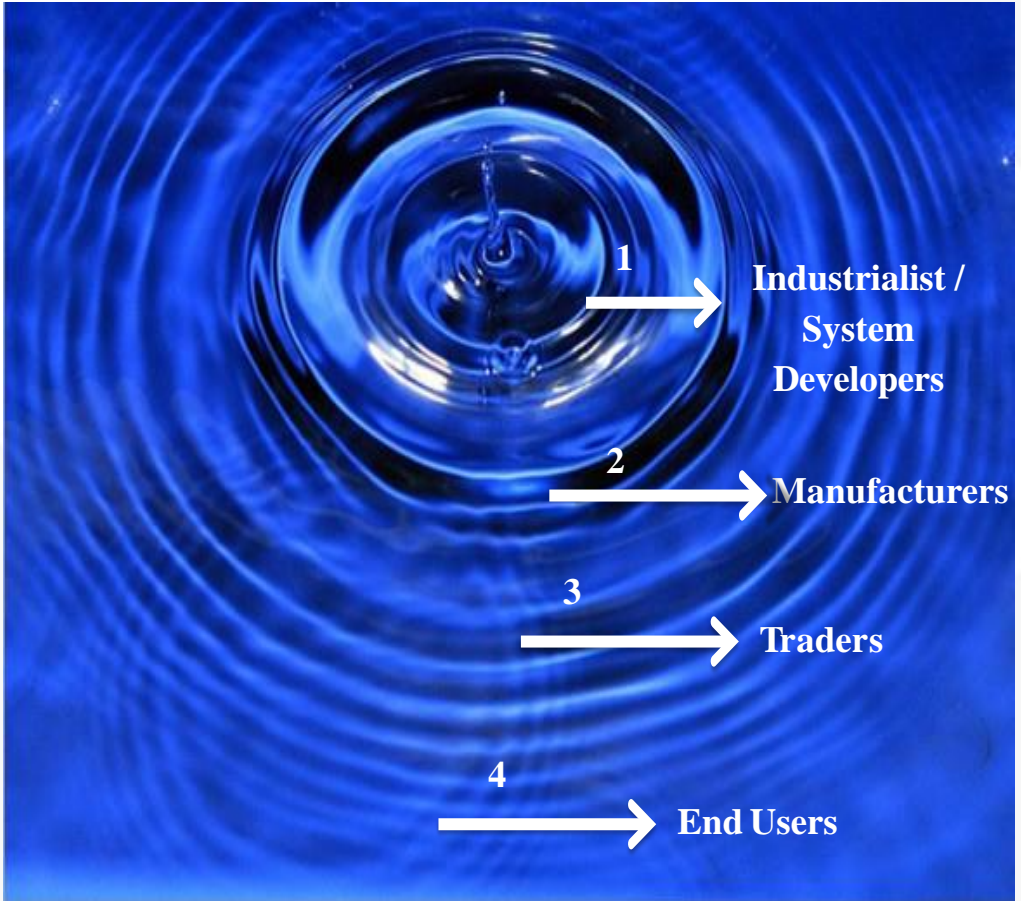
1. WORLD CLASS INDUSTRY & BUSINESS CHALLENGES

WORLD MAP

(Potentiality of Domestic & Global Market)



WAVE Based Economy Strategy



The World Competitiveness Report :



COMPETITIVE ASSETS/Resources	X COMPETITIVE PROCESSES	= WORLD COMPETITIVE NESS
- Infrastructure	- Quality	- Market Share
- Finance	- Speed	- Profit
- Technology	- Customization	- Growth
- People	- Service	- Duration

Ref. key drivers competitiveness in some of ASEAN countries :

- Thai : Kitchen of the world, tourism, automotive center.
- Singapore : Services industry & trade, tourism.
- Malaysia : Agricultural, automotive, services & trade, tourism.
- Indonesia : Agro, maritime, tourism, creative industry, automotive.

Business Condition Challenges

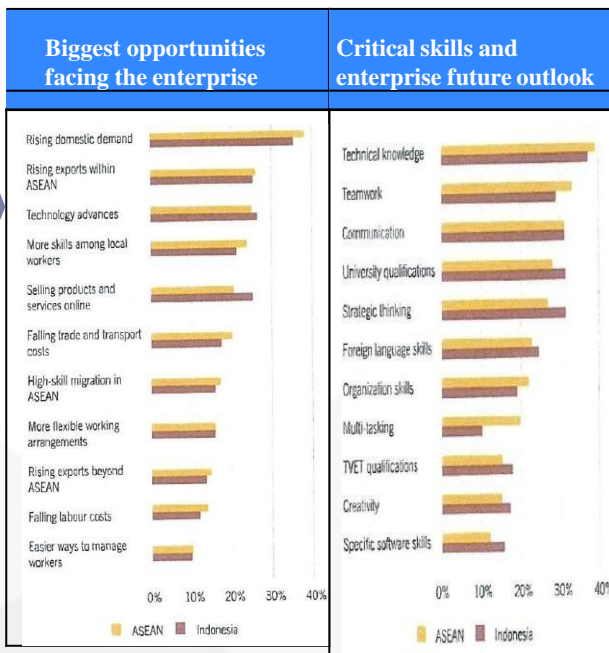


To be exist and growth in business industry. Competitiveness development is a key to face business challenges both product and people quality.

Business Challenges to Future Work Transformation



Source: Adapted from ILO : ASEAN in Transformation

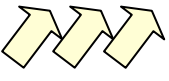
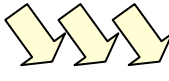


COMPETITIVENESS ASPECTS

COMPETITIVE
ADVANTAGE

$$= \underset{\text{(v)}}{\text{Value}} - \underset{\text{(c)}}{\text{Cost}}$$



<div>V</div>	<div>C</div>
<ul style="list-style-type: none">- Product quality meet with Customer Requirement (Need & Wants)- Competitive price/cost- On Time Delivery- After Sales Service,- Safety, Productivity, Environment, HR, etc.	<ul style="list-style-type: none">- Cost Reduction- Cost Saving- Tight Budget- VA/VE, etc.

II. KONSEP LEAN INDUSTRY



LEAN ENTERPRISE INDUSTRY : VALUE, SYSTEM & LEADERSHIP

Lean Manufacturing

Lean : is not just one piece flow and is not just for the factory

Lean adalah

A philosophy, of producing what's needed , when it's needed , with the least amount of resources at the pull of the customer

a methodology, to see the value stream through a new set of eyes and to identify and eliminate waste in a structured and proactive approach

a set of tools, that can be deployed across the entire business enterprise to objectively assess the current state , and to continuously improve

Lean enterprise is: wide value stream improvement

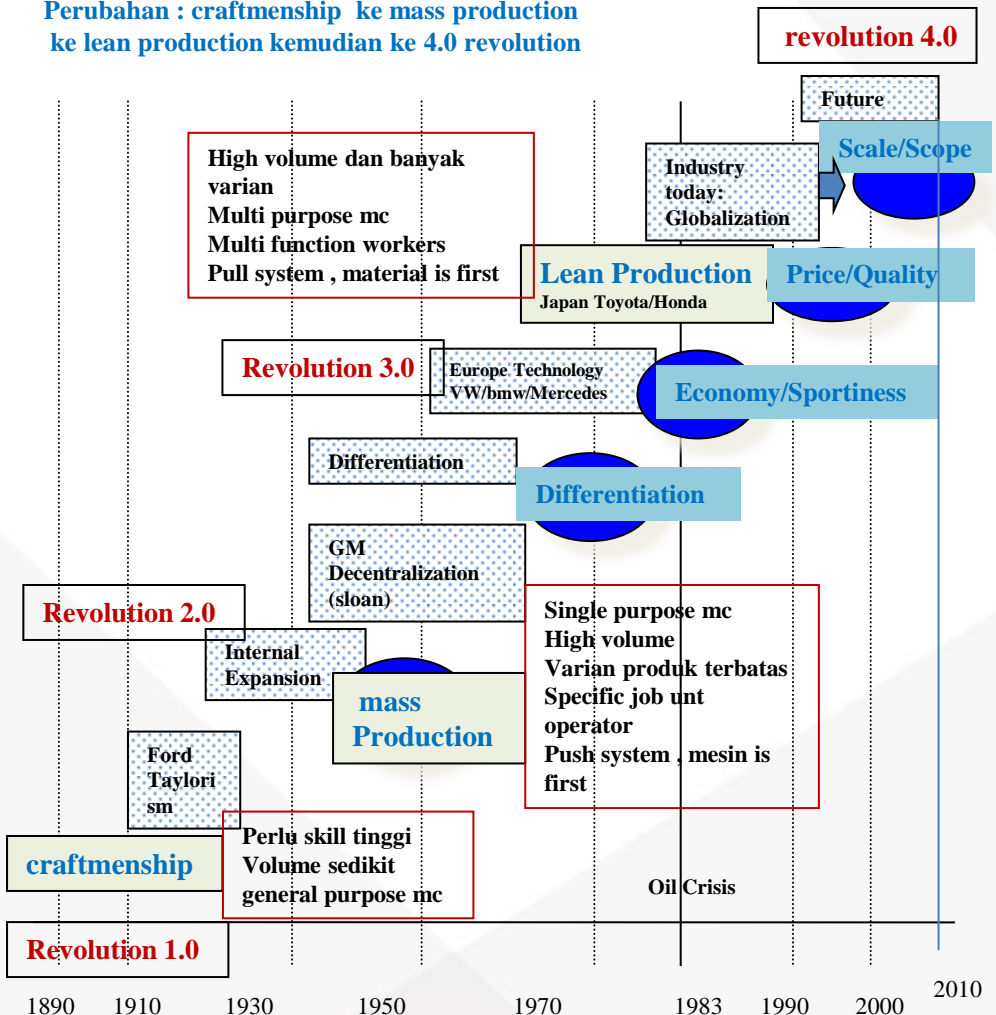
Lean manufacturing Is a way to get more and moreWith less and less

Lean thinking , womack - jones

Revolusi Lean Industry 4.0

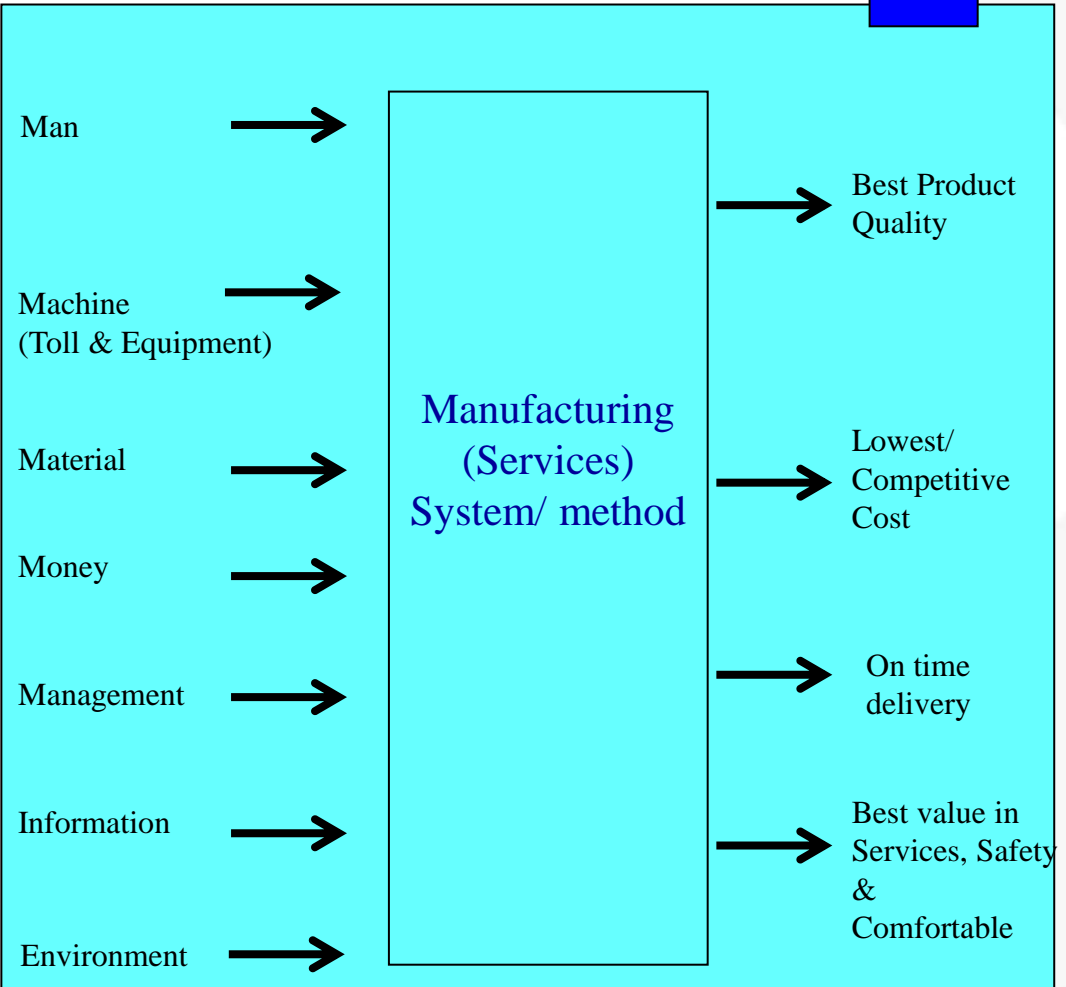
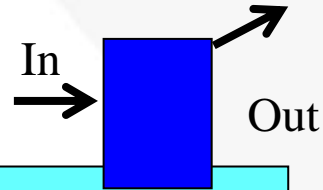


Perubahan : craftsmanship ke mass production
ke lean production kemudian ke 4.0 revolution



Source : Proton

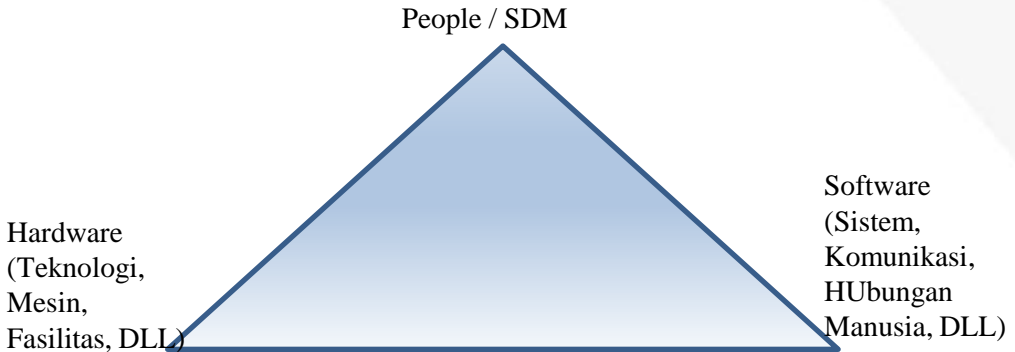
Manufacturing (& Services) System and Role



Achieve Best QCDSMPE

Lean Industry and The Best Industry / Business Way Based on VSL Perspective

VALUE : People Value



People Value (Kualitas Sumber Daya Manusia):

Ability (Knowledge, skill, Experince)

Motivation, Character

GE Way – Six Sigma (Barat, USA)	Lean Toyota Way (Timur, Japan)	ESQ Way (Indonesia)
LATIN: 1. Leadership 2. Accountability 3. Talent 4. Influence 5. Network 6. Business 7. People	CKG – RT : 1. Challenge 2. Kaizen 3. Genchi Genbutsu (Real Fact, Place & Things) 4. Respect 5. Team Work	165 – 7 BU 7 Budi Utama : 1. Jujur 2. Tanggung Jawab 3. Visioner 4. Disiplin 5. Kerjasama 6. Adil 7. Peduli

➤ Semua pendekatan : Berpusat pada Manusia / Orang

Source : Building The Best Indonesia Business Way

SYSTEM : Management **CONCEPT** & Views Supporting **TPS**



Objectives

Develop business while
keeping harmony with the
international communities



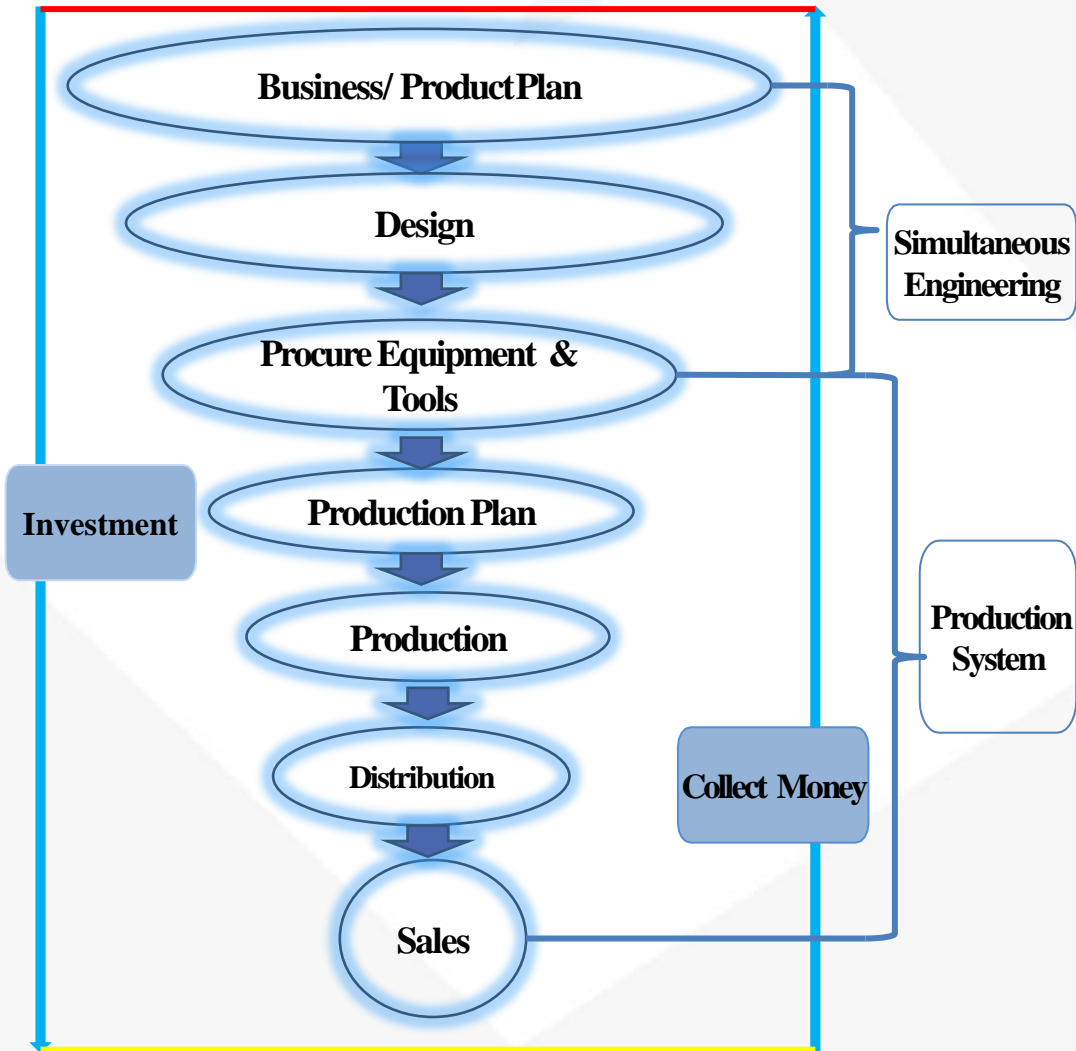
social mission

1. Offer people more civilized and affluent life
2. Activate communities through corporate activities
3. Promise employees stable basis for life



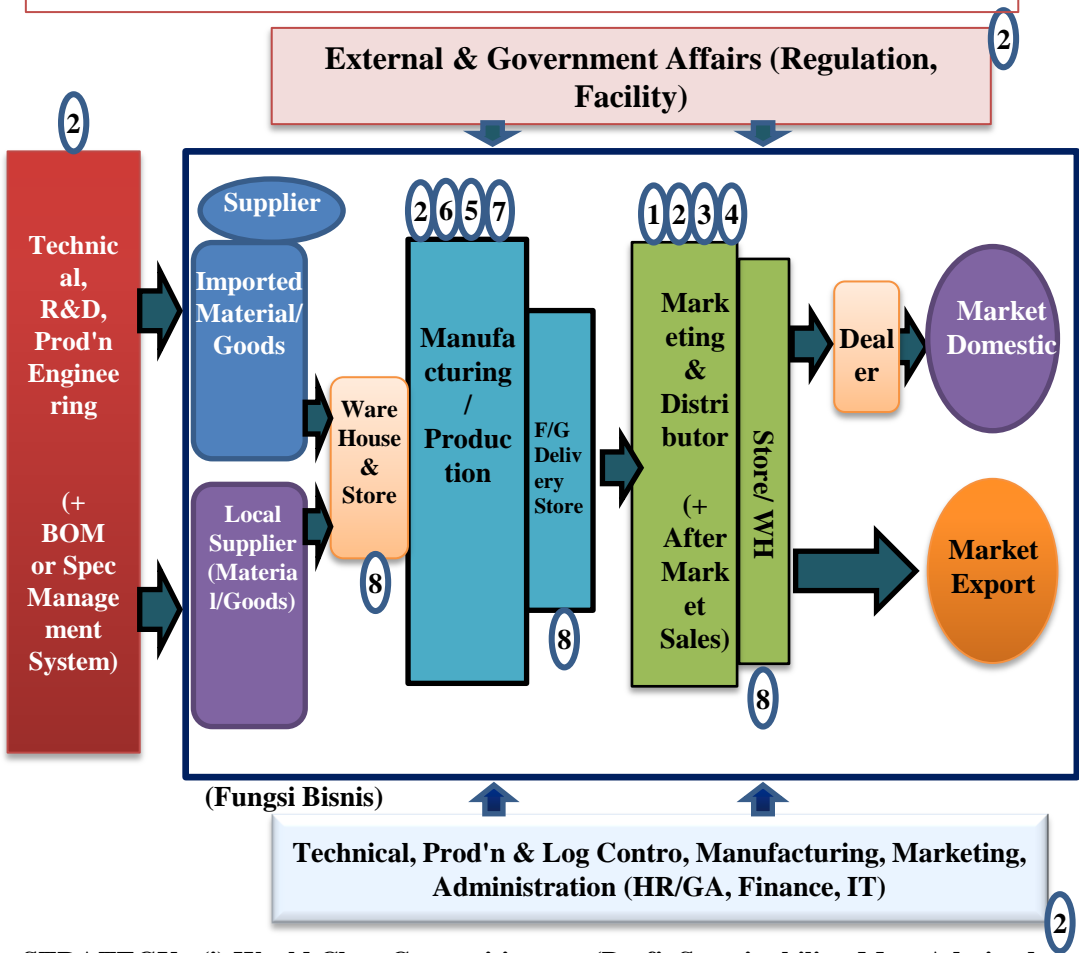
To this end it is essential for the company to survive by
securing profits

Business Activity : Lead Time for a Company



The Key is how to collect money quickly, to increase cash flow for the company

Model Bisnis & Kerangka Industri Manufaktur dan Jasa



STRATEGY : (i) World Class Competitiveness (Profit Sustainability, Most Admired Company, Market Share (Volume) Increased)

(ii) Best operational excellence (High Efficiency & Cost Reduction)

THE SUCCESS FACTORS to drive our Strategy are :

1 Market identification & expansion

2 Technology leverage

3 Brand equity

4 Efficient distributor channels

5 Economies of scale

6 Efficient Core Processes

7 Plant sourcing

8 Control over material/goods

shareholder value : Leadership Business

Operational Excellence and Efficiency

Revenue

= Price x Volume = (Number of item, level of price, number of quantity > (volume))
 = Item & Volume (from new market, increased market > share, market growth)

Cost of sales
 (Cost of
 Good/services
 sold)

**Raw
 Material
 Cost**

**Production
 Cost/Mfg**
 (include repair &
 maintenance cost)

**Distribution/
 Delivery Cost**

Gross Profit

= Revenue - Cost of Sales

Operating Expenses

(SGA Expenses) =

Marketing Expenses + Other Expenses

EBITDA

= **Gross** Profit - Operating Expenses
 (Earning Before Interest & Tax, Depreciation & Amortization)
 (Biaya Konsultan, Marketing/Advertising)

EBITDA Margin

= EBITDA / Revenue => Semakin besar, semakin bagus.
 Semakin kecil, semakin memburuk

NOI (Net Operating Investment) =

Working
 Capital +

Fixed
 Assets +

Deffered
 Charges &
 Goodwill +

Le
 ase
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Working Capital = Reccivables + Inventories + Payable

RNOI

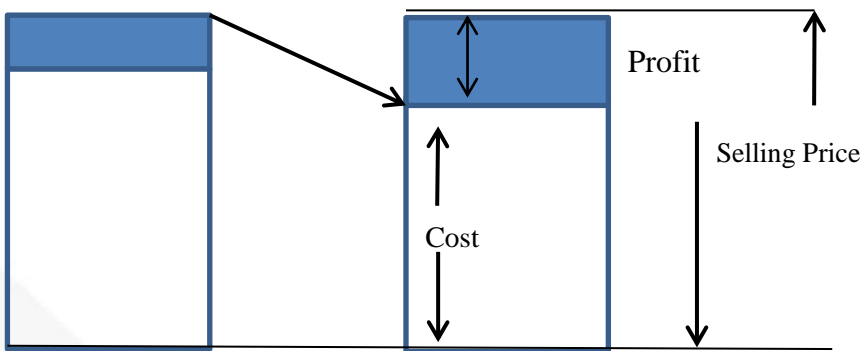
(Return on Net Operating Investment) = EBITDA - NOI

Cost Reduction is Absolute Requirement for Increased Profit



$$1) \quad \text{Profit} = \text{Selling Price} - \text{Costs}$$

Cost Reduction



Methods for increasing profit

{	Raise the selling price	⇒	Demand > Supply
	Reduce the costs	⇒	Demand < Supply

Customers determine the selling price

Productivity : Labor Productivity



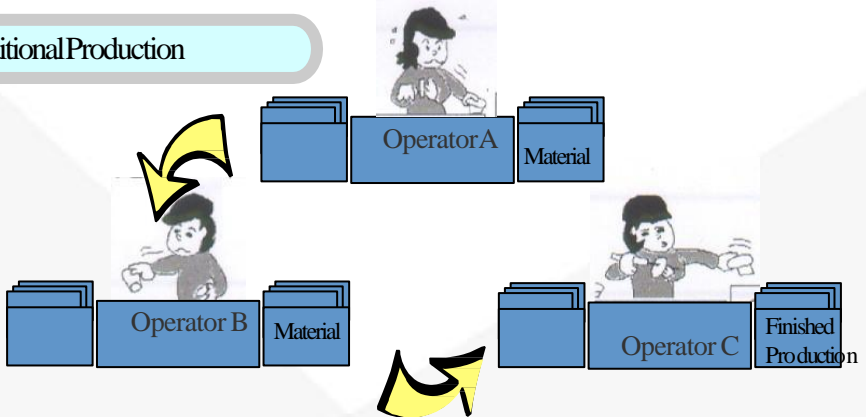
Productivity

Labor Productivity
(with smaller man power)
Equipment Productivity
(with smaller equipment investment)
Material Productivity
(with less costly materials and higher yield ratio)

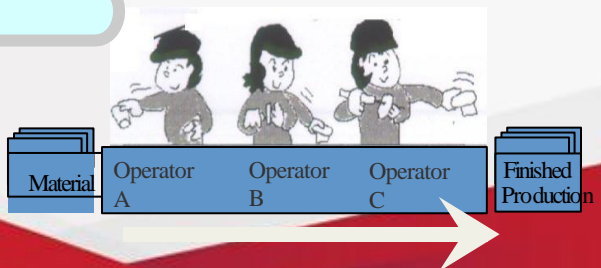
The quality of design plays a decisive role. Still the costs vary depending on the manufacturing method

**IN LINE WITH PRODUCT DESIGN, WE MAKE
PROCESS DESIGN & TECHNOLOGY AS WELL AS TO
DEVELOP CORPORATE MANAGEMENT SYSTEM**

Traditional Production



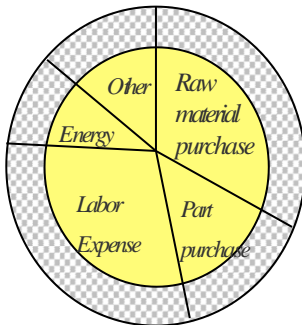
Continuous Flow Production



Production Method

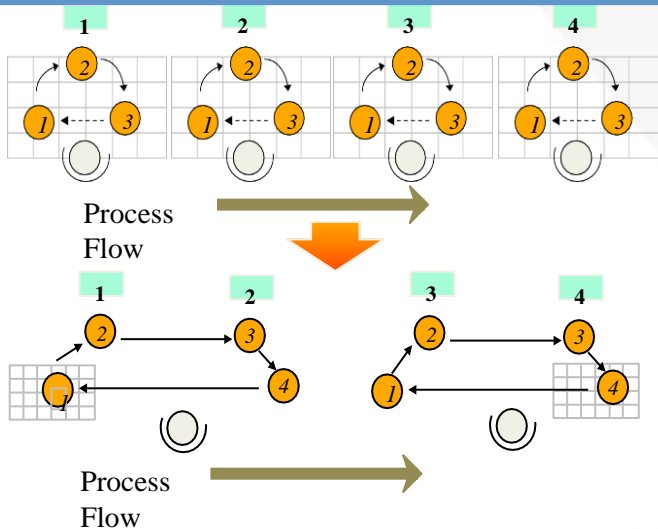
Component of COST

Cost change depending on the production flow/method, even with the same design, same equipment, and the same material



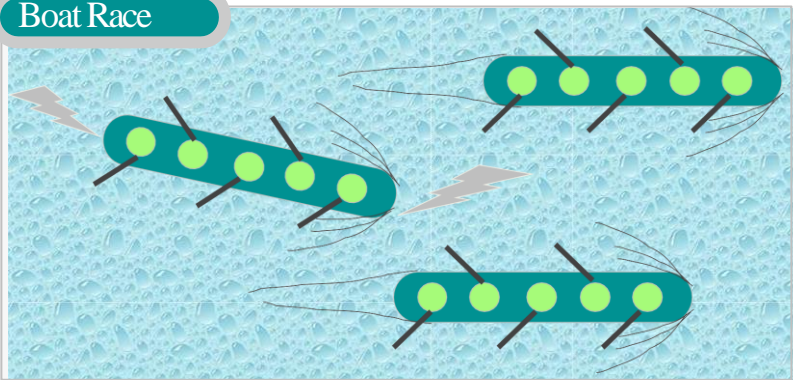
Cost in Common between companies

Cost caused by difference in production method



Overall Efficiency is More Important Than Individual Efficiency

Boat Race



In Company Wide : Efficiency by Function
In operation : By Process

Work Concept (eg. Operator's Motion)

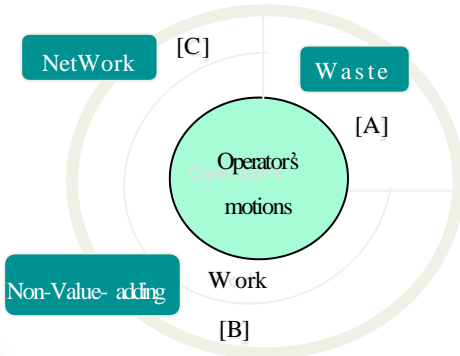


WASTE : UNNECESSARY WORK

UNEVENNESS : UNSTABLE, FLUCTUATIVE THINGS

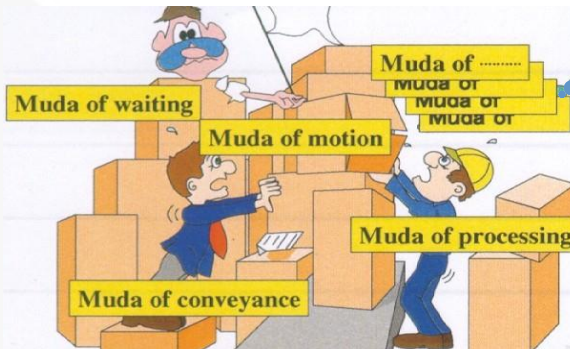
OVERBURDEN : OVERLOAD, OVERWORK

CONDITION



- A. Waste : Motion no Necessary for production work
- B. Non-Value- Adding Work : Motion that are necessary but do not add any value to the product at the present work stage.
- C. Net Work : Motion that add values to the product

There are several types of Muda



Increase Cost

Transformation of Value

1. BNF (Bad News First)
2. Respect
3. Teamwork
4. Challenge
5. Kaizen
6. Genchi Genbutsu, Etc

[**Waste of over-production**, Process, Inventory, Waiting, Motion, Conveyance, Repair, Un-utilized member voice/creativity, etc]

Just-In-Time

What is Just-In-Time production ?

Producing :

- What is needed
- When it is needed
- In the amount needed



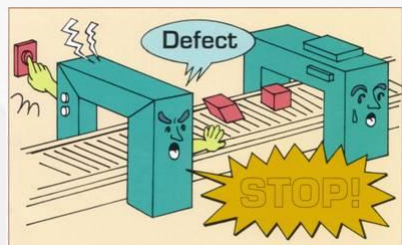
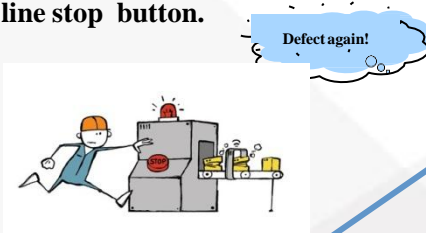
‘Precondition – **Levelling**
(With Proportionally By
Model / Type)’

JIT : Learning from Supermarket

Build In Quality (BIQ)

Jidoka is the ability of production lines **to be stopped in the event of problems** such as equipment malfunction, defects or work delay.

This is done either by machine which sense an abnormality and self stop or by alerting team members who then push a line stop button.



Standardization



Standardized Work & Standardization → KAIZEN (Continuous Improvement) (4M : Material, Machine, Man and Method)

- In Safety
- In Quality
- In Productivity



COST REDUCTION

LEADERSHIP :

MAKING PEOPLE before MAKING PRODUCT

Summary of Lean Production System

