



POWERS CUTS THROUGH INEFFICIENCY, DELIVERING \$500K IN SAVINGS FOR LUMBER INDUSTRY LEADER

INTRODUCTION

A leading supplier in the industrial lumber and custom wood packaging industry sought assistance from POWERS to improve operational efficiency and throughput across two of their key production sites. Over the years, the company has grown through strategic mergers and acquisitions, bringing together expertise from well-established firms to form a nationwide network.

Despite their growth and success, the two sites struggled with inefficient management processes, inconsistent supervision, and production delays impacting profitability. POWERS was engaged to implement standardized management operating systems, provide leadership training, and create sustainable improvements.

As a result of the engagement, the company experienced enhanced on-time delivery, improved labor utilization, and achieved annualized savings of \$500,000. The initiative's success led to expanding the project to additional sites, further amplifying operational benefits.

BACKGROUND

The client is one of the country's largest industrial lumber wholesalers and custom packaging suppliers. Over the last few decades, the company has grown significantly through strategic mergers and acquisitions in the wood packaging industry, incorporating expertise from various legacy businesses. This growth has positioned the company as a specialized supplier of industrial lumber with over 30 facilities nationwide.

While the network of facilities brought significant capability and market reach, two key sites faced operational challenges hindering efficiency and profitability. These challenges included weak supervision, a lack of structured management processes, and ineffective scheduling practices. The company turned to POWERS to help address these issues and drive performance improvements across its production sites.

SITUATION

The two production sites presented a complex set of challenges. Both were affected by inadequate management systems, but each site had unique operational issues.

PERFORMANCE RESULTS

Annualized Savings

\$500K
in Savings

12%
Gross Profit

Increase in
Gross Profit

Labor Cost
Reduction

12%
Reduction in
Labor Costs

20%
On-Time
Delivery

Increase in
On-Time Delivery



SITUATION (CONTINUED)

Site 1:

- At this site, the main issues were rooted in a lack of active supervision and a poorly defined management structure. The planning and scheduling processes were inefficient, so production timelines were unmet. The site's on-time delivery rate had fallen below 80%, creating customer dissatisfaction and increasing pressure on the production network. Additionally, labor costs were consistently over budget, exacerbating financial strain.

Site 2:

- The second site faced similar but slightly different challenges. Here, the main issue was related to staffing shortages, which caused frequent schedule break-ins and disruptions to production flow. As a result, the site consistently missed its budgeted margins, further stressing the company's profitability. Additionally, this site's inefficiencies meant it could not contribute to the broader production network, causing bottlenecks across other facilities that depended on it for essential materials.

In both cases, the client required a holistic solution that addressed the immediate issues and laid the foundation for long-term operational excellence. POWERS was created to design and implement a comprehensive solution to empower leadership teams and optimize daily operations.

ANALYSIS

Our operations specialists identified the following key objectives to drive improvement:

- Standardize management operating systems across both sites to bring structure and clarity to daily operations.
- Train leadership teams at each site to use data and tools effectively to make informed, proactive decisions.
- Implement tools that foster a culture of continuous improvement, ensuring that the progress made during the engagement is sustained over the long term.
- Improve key performance metrics, including on-time delivery, labor efficiency, and overall production output, to reduce financial losses and enhance profitability.

These goals required process improvement and a significant cultural shift within the management teams at each site, making leadership more engaged and accountable for results.

PLAN

Our specialists took a multifaceted approach to addressing the issues at both sites, focusing on standardizing operations, training leadership, and embedding continuous improvement into the teams' daily routines.

Standardized Management Tools:

One of the first steps our team took was to develop standardized management tools designed around the Plan Actual Variance Action (PAVA) system. This system allowed both sites to manage operations hour by hour, providing real-time visibility into performance metrics and allowing managers to take corrective action immediately. These tools were supported by structured daily and weekly meetings, ensuring plant managers had access to the data needed to lead their teams effectively and proactively.

Site 1 Solutions:

- The POWERS team introduced a new planning and scheduling process at the first site that followed production orders from cutting through building to shipment. By implementing job packets, the team ensured that the correct quantities were built at the right time, with the right labor resources allocated to each task. This process reduced labor waste, optimized resource utilization, and streamlined production timelines.

Site 2 Solutions:

- At the second site, we focused on staffing and equipment efficiency. After a thorough analysis, staffing levels were adjusted to ensure that each position was adequately staffed to support maximum equipment utilization. Additionally, we implemented a root cause analysis initiative to identify and eliminate lost time sources, significantly improving productivity. By eliminating bottlenecks and inefficiencies, the site was able to increase its contribution to the broader production network.

RESULTS

The implementation of these solutions led to significant, measurable improvements at both sites.



RESULTS (CONTINUED)

Site 1:

- Labor costs, a major issue, were reduced by 12 percentage points as a percentage of sales.
- On-time delivery rates increased from below 80% to 100%, ensuring that customer expectations were consistently met and improving the site's reputation for reliability.

Site 2:

- Increased staffing and optimized processes allowed the site to meet its own production needs and contribute 14% of the lumber required by other facilities in the network. This figure later increased to 20% after the project's completion.
- The site's gross profit margin increased by 12 percentage points above budgeted expectations, substantially improving financial performance.

Overall Financial Impact:

- The improvements across the two sites led to total annualized savings of \$500,000, representing a significant return on investment for the client.

EXPANDING THE ENGAGEMENT

Following the success of the initial engagement, the client asked POWERS to extend its work to a third site. This project phase focused on refining the tools and processes developed during the first two engagements and scaling them for broader use across the client's network.

Third Site Solutions:

- The POWERS team designed a new plant layout for the third site, freeing up 5,000 square feet of production space and improving material flow within the facility. This was accomplished without additional resources, maximizing the client's existing assets.
- On-the-floor data collection processes were further refined, enabling more detailed tracking of performance metrics down to the item and labor resource level. This allowed the team to continuously optimize their labor resources and address inefficiencies as they arose.

Scalability Across the Network:

- The modular design of the tools and processes developed by POWERS allowed the client to deploy these systems across 20 additional sites. This ensured consistency in performance improvement efforts across the entire production network.

LONG-TERM PARTNERSHIP AND CONTINUED SUCCESS

As a result of the improvements made during the project's initial phases, POWERS was asked to assist with implementing management operating systems at a fourth site. This engagement focused on training the site's leadership team, implementing standardized management processes, and ensuring cultural transformation to promote continuous improvement. The success of these efforts reinforced the long-term partnership between POWERS and the client, as the client continues to reap the benefits of increased efficiency, reduced costs, and improved operational sustainability.

CONCLUSION

Through standardized management operating systems, data-driven tools, and comprehensive leadership training, POWERS helped the client improve operational efficiency and financial performance across multiple sites. The project delivered substantial cost savings and laid the foundation for long-term scalability and process optimization across the entire production network. POWERS' modular approach to management systems and tools ensured that the client could continue to apply these best practices as they expanded, positioning them for continued success and growth in the future.