

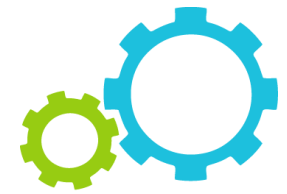


Capital Markets Day

Continuous improvement in supply chain

Petri Miettinen, SVP, Supply Chain Management and HSEQ

TIKKURILA

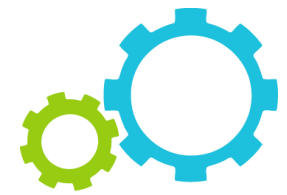


LEAN JOURNEY

Lean is a journey

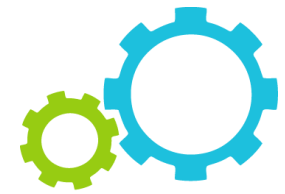


Lean is not a project
Lean is not a state



LEAN JOURNEY

WHY?

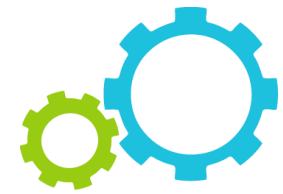


LEAN JOURNEY

To contribute to our objectives

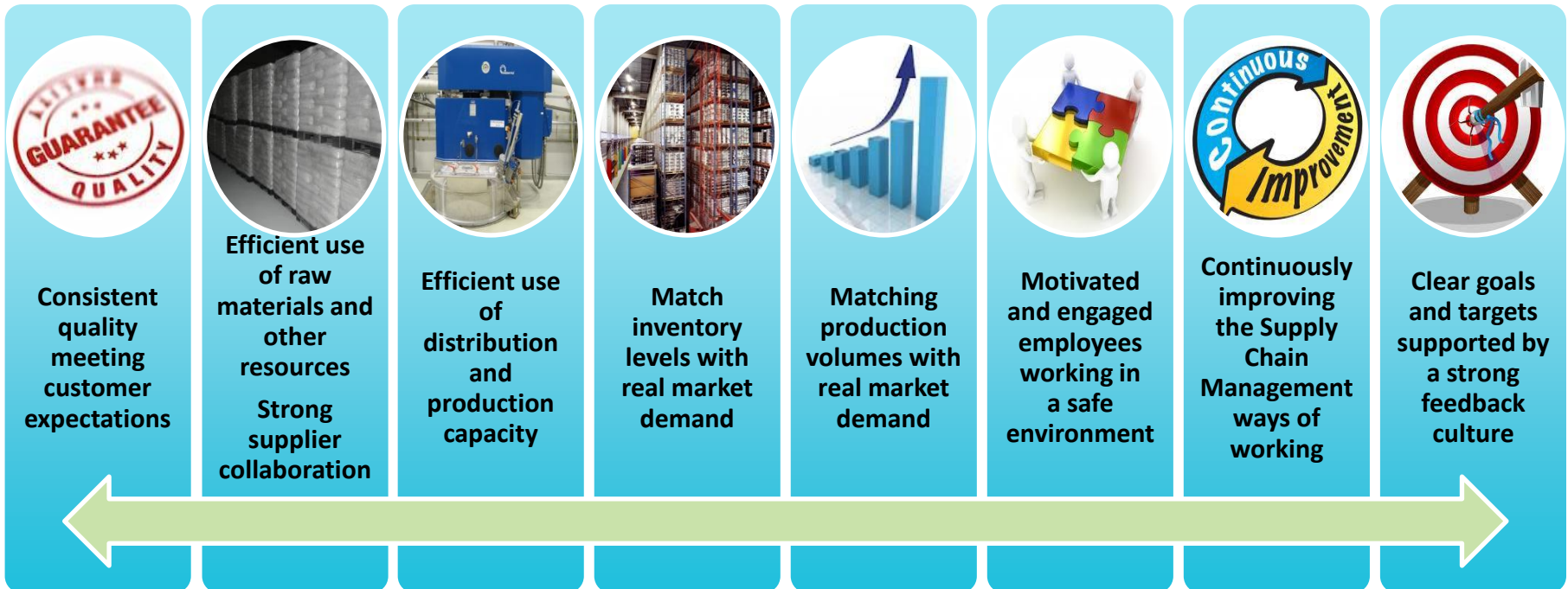


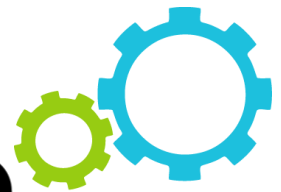
Quality on Time in Full



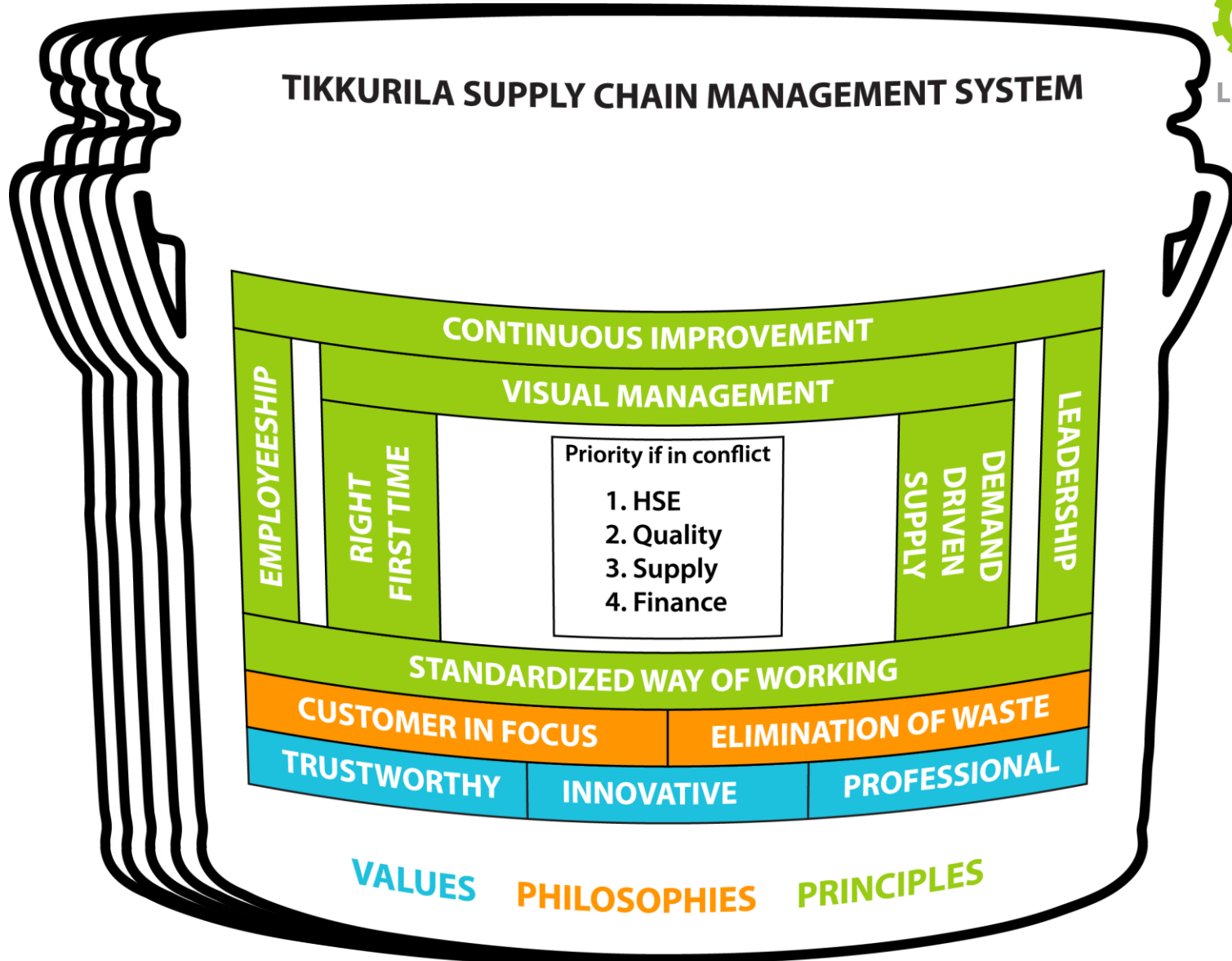
LEAN JOURNEY

We need to improve on these areas





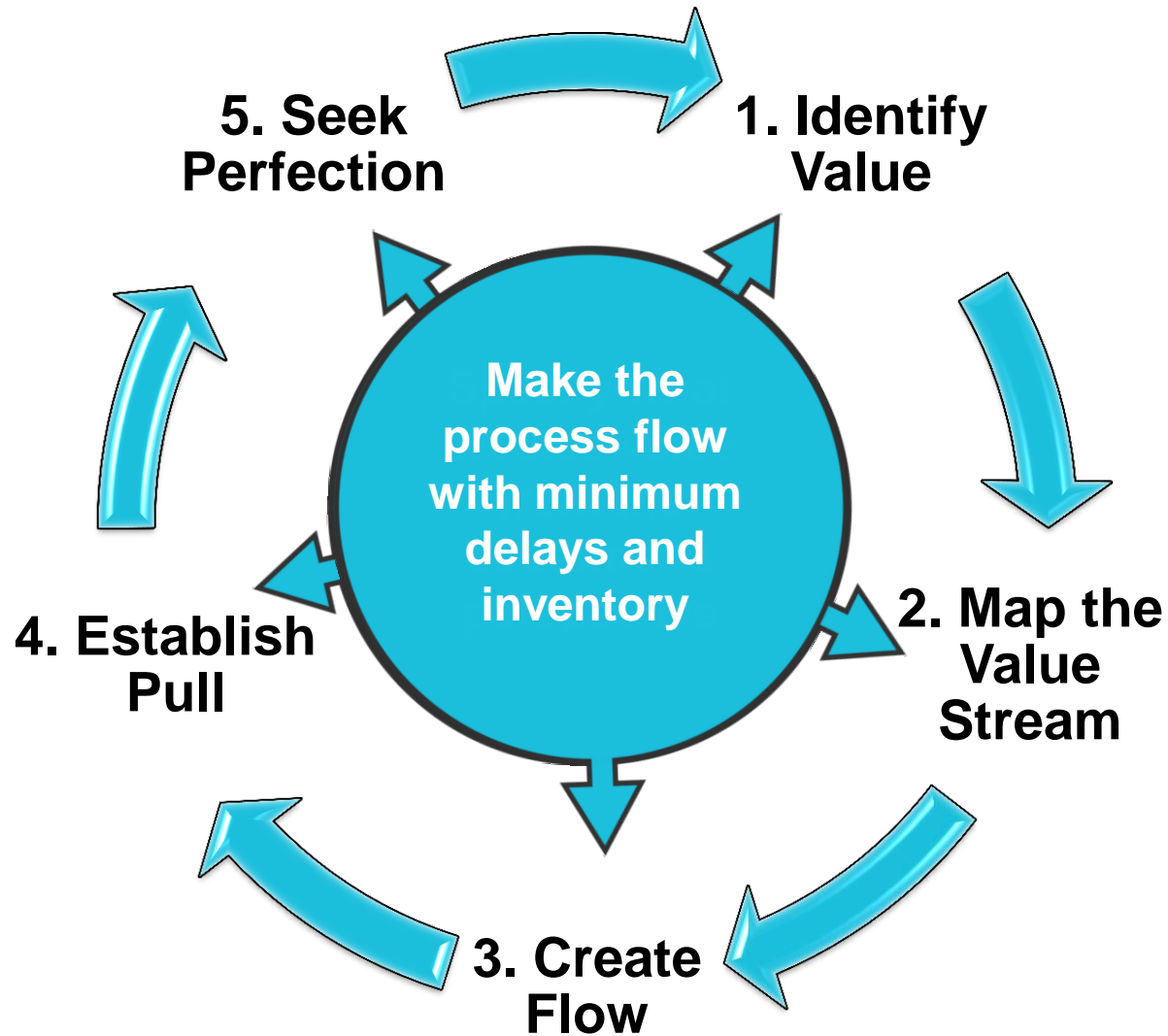
TIKKURILA SUPPLY CHAIN MANAGEMENT SYSTEM



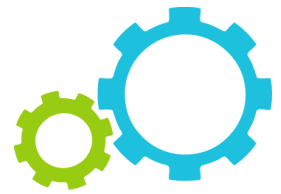
Five Lean Principles



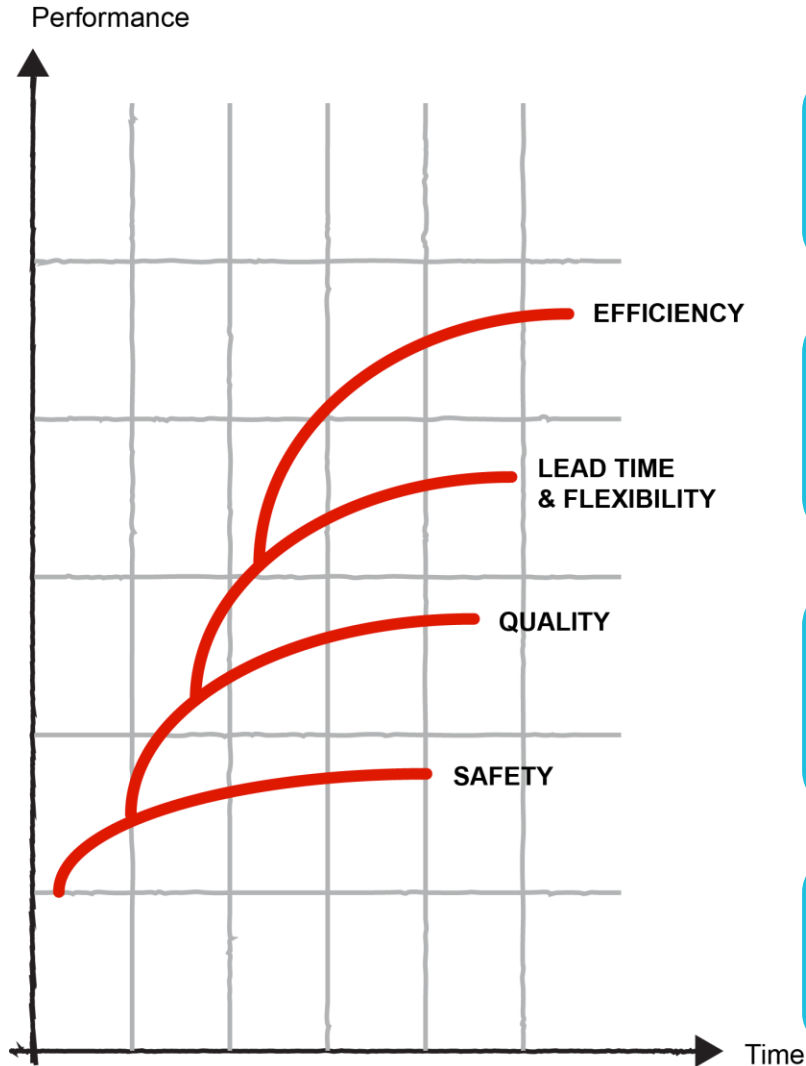
LEAN JOURNEY



SQLE Principle



LEAN JOURNEY

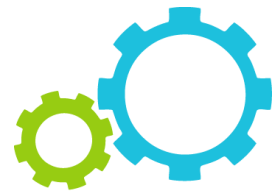


The Seven + One Wastes



Sea of Inventory

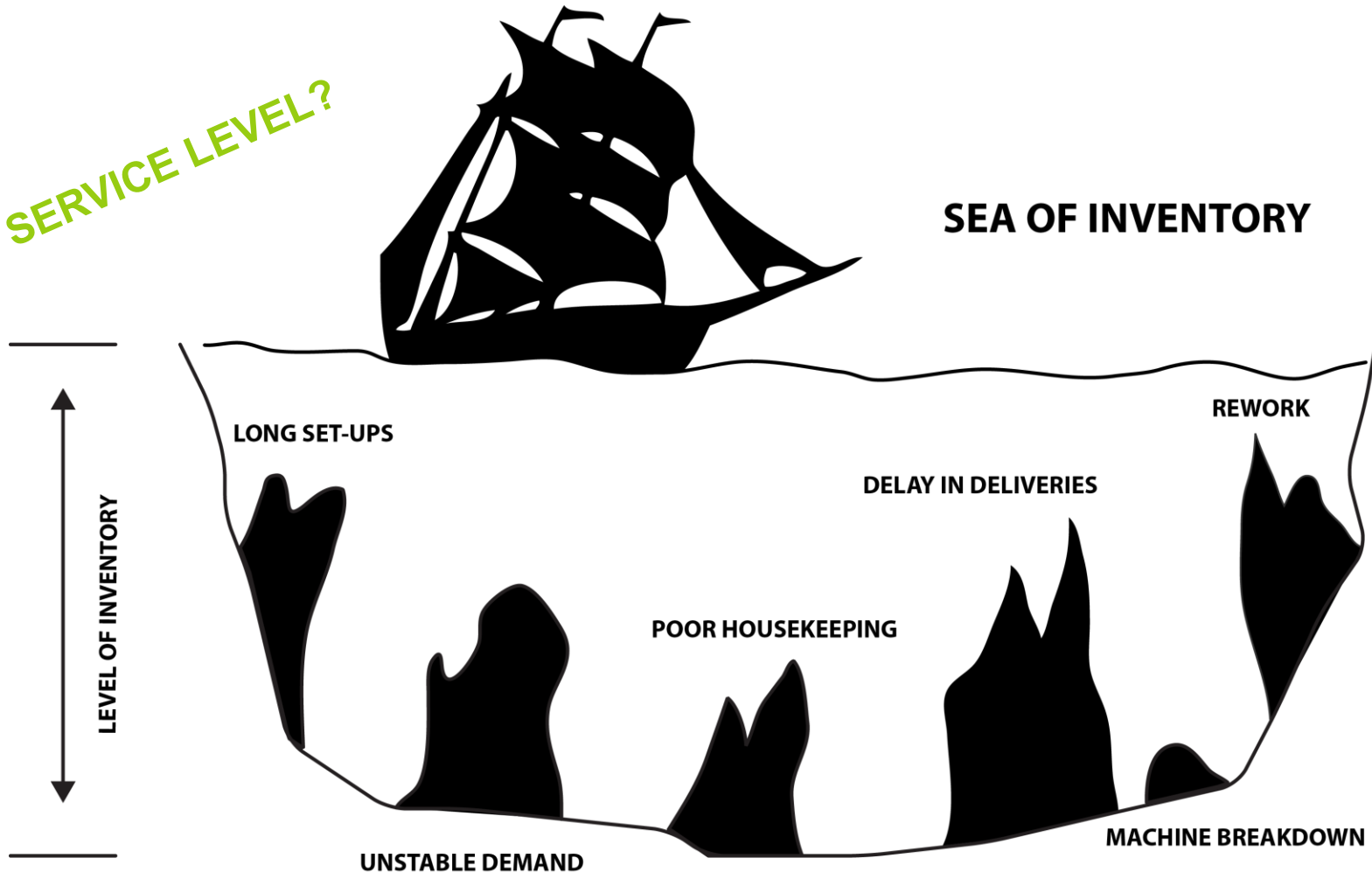
Inventory hides problems. Making problems visible is important in order to continuously improve.



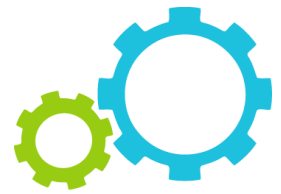
LEAN JOURNEY

SERVICE LEVEL?

SEA OF INVENTORY

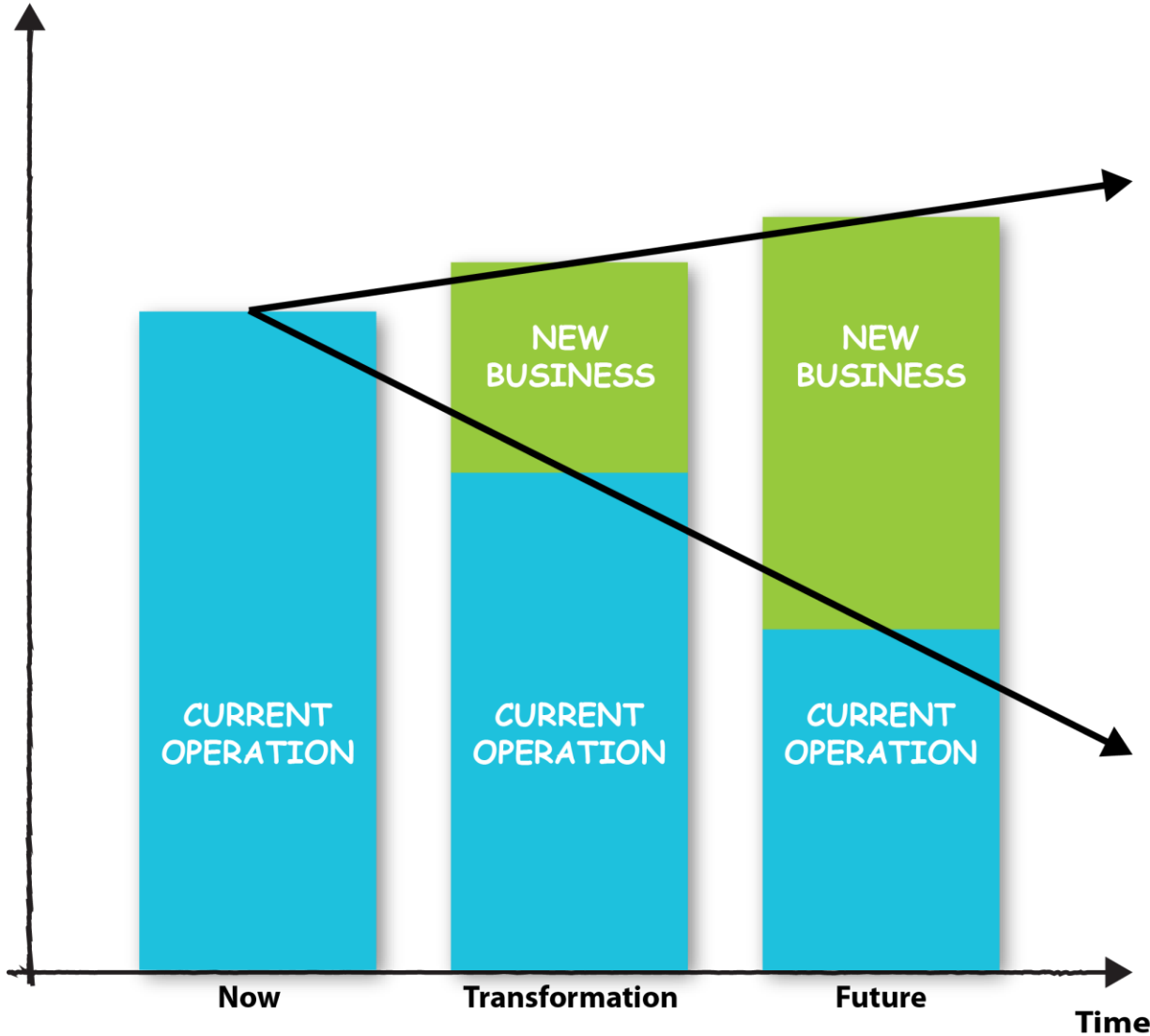


Lean Growth



LEAN JOURNEY

Resources used



GROWTH



REINVEST

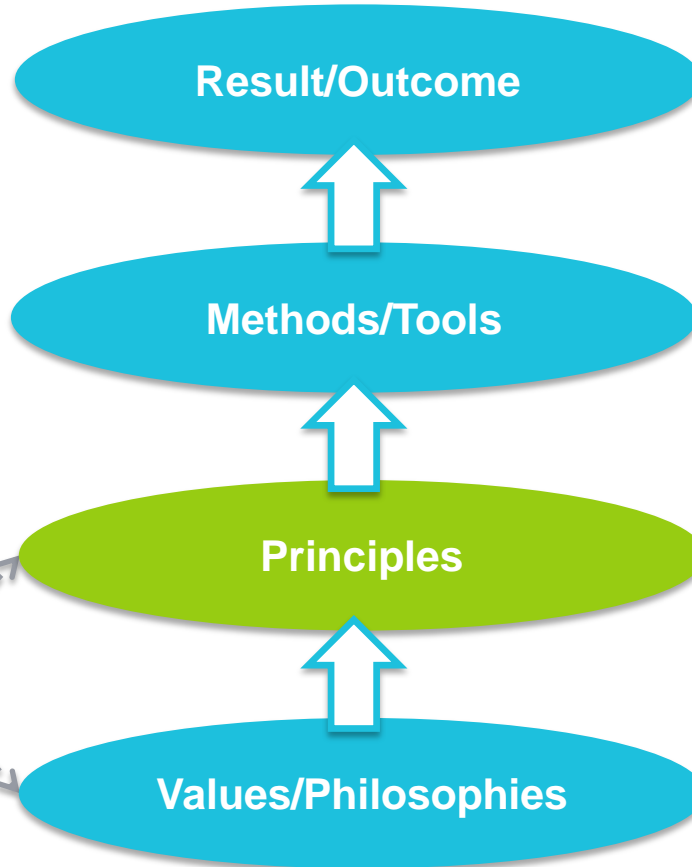


FREE RESOURCES

Values and philosophy is the foundation



LEAN JOURNEY

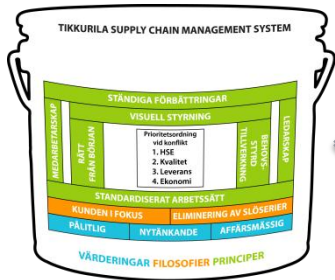


... leading to sustainable results!!

.... A common way of working.....

Common way of thinking, leading...

Foundation– our values are important



LEAN is **NOT** just **TOOLS** and **METHODS**

LEAN is a **JOURNEY** towards **CONTINUOUS IMPROVEMENT**

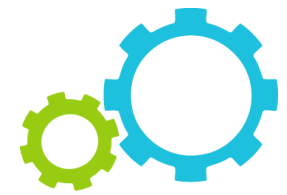
Lean Thinking in a Nutshell



LEAN JOURNEY

	<i>Craft</i>	<i>Mass production</i>	<i>Lean Thinking</i>
Focus	Task	Product	Customer
Operation	Single items	Batch & que	Synchronised flow & pull
Overall aim	Mastery of craft	Reduce cost & increase efficiency	Eliminate waste & add value
Quality	Integration (part of the craft)	Inspection (a second stage after production)	Inclusion (built by design & methods)
Business strategy	Customisation	Economies of scale and automation	Flexibility & adaptability
Improvement	Master driven continous improvement	Expert-driven periodic improvement	Worker-driven continous improvement

***Lean thinking* is the dynamic, knowledge-driven, and customer-focused process through which all people continuously eliminate waste & create value**

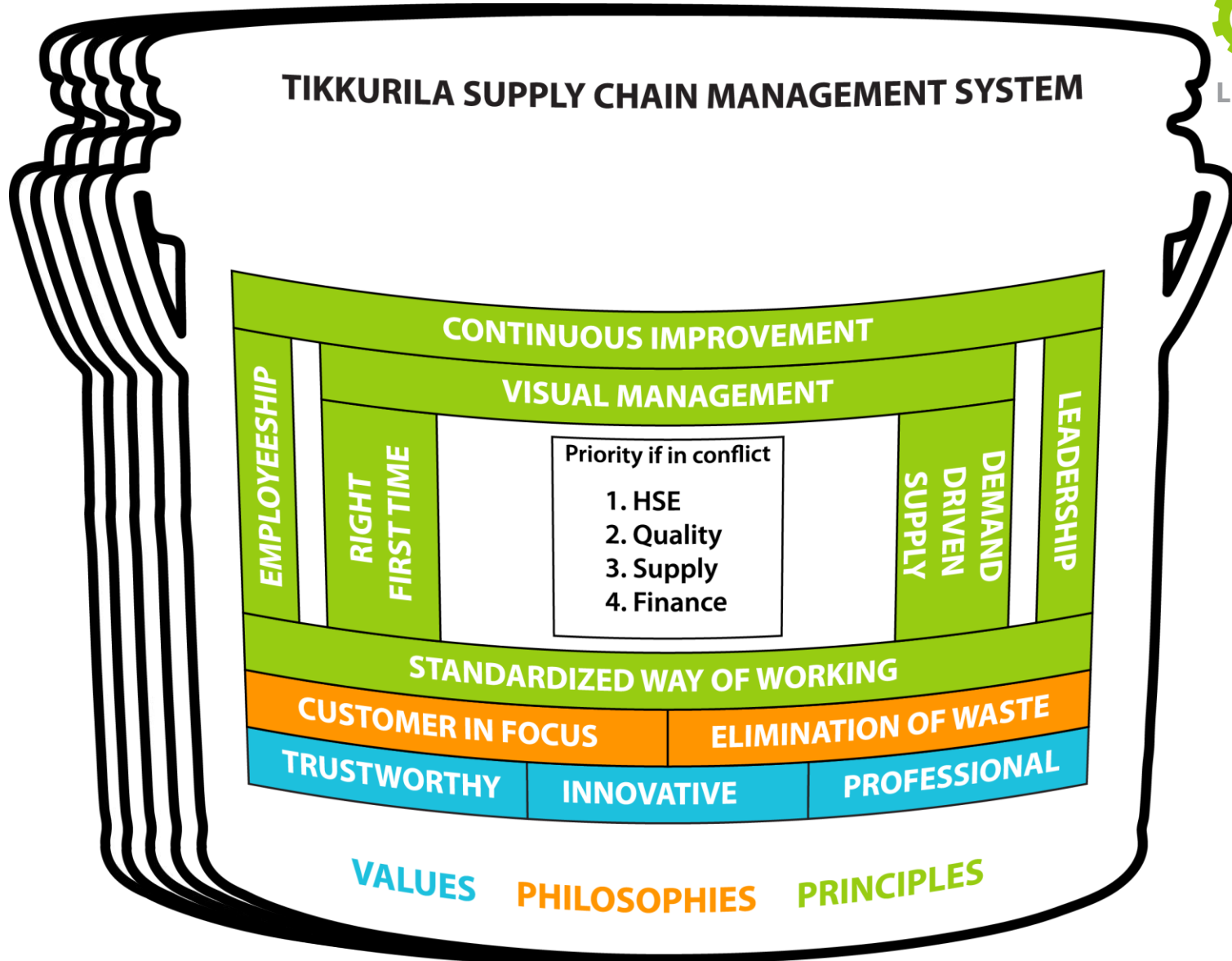


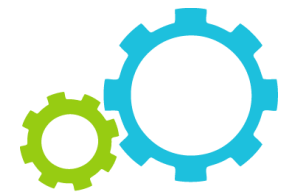
LEAN JOURNEY

Supply Chain



TIKKURILA SUPPLY CHAIN MANAGEMENT SYSTEM

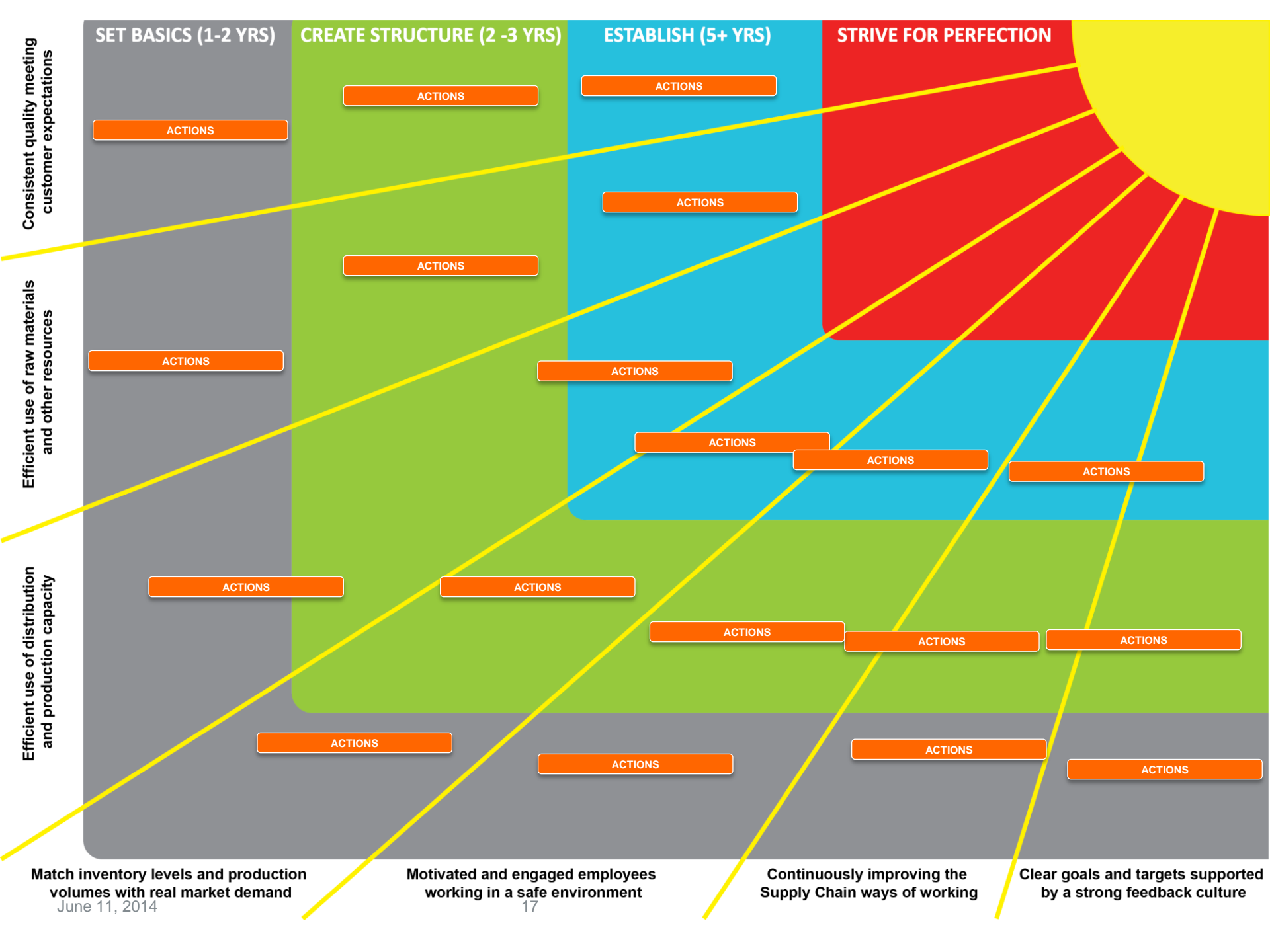




LEAN JOURNEY

Supply Chain

LEAN Vision



SET BASICS (1-2 YRS)

CREATE STRUCTURE (2-3 YRS)

ESTABLISH (5+ YRS)

STRIVE FOR PERFECTION

Consistent quality meeting customer expectations

ACTIONS

ACTIONS

ACTIONS

ACTIONS

Efficient use of raw materials and other resources

ACTIONS

ACTIONS

ACTIONS

ACTIONS

ACTIONS

ACTIONS

Efficient use of distribution and production capacity

ACTIONS

ACTIONS

ACTIONS

ACTIONS

ACTIONS

ACTIONS

ACTIONS

ACTIONS

ACTIONS

Match inventory levels and production volumes with real market demand

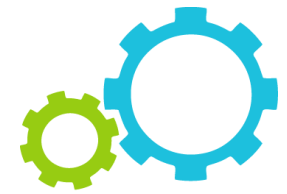
June 11, 2014

Motivated and engaged employees working in a safe environment

17

Continuously improving the Supply Chain ways of working

Clear goals and targets supported by a strong feedback culture



LEAN JOURNEY

Swedish X2000

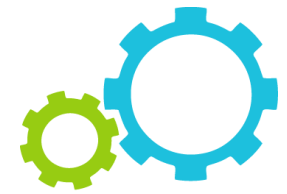


One strong manager (engine) running the whole organisation, resulting in variable reliability and reasonable performance

Japanese HIKARI



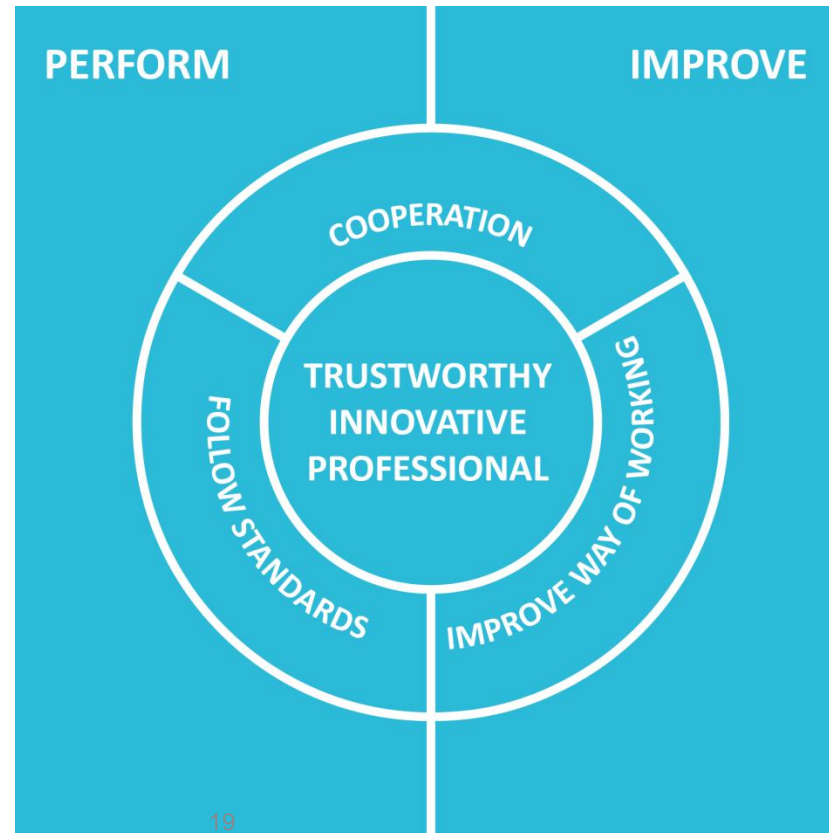
Teamwork based on many engines, resulting in high reliability and excellent performance



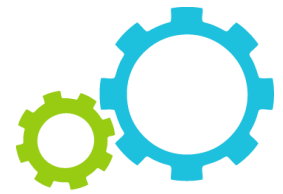
LEAN JOURNEY

Continuous Improvement

The second job...

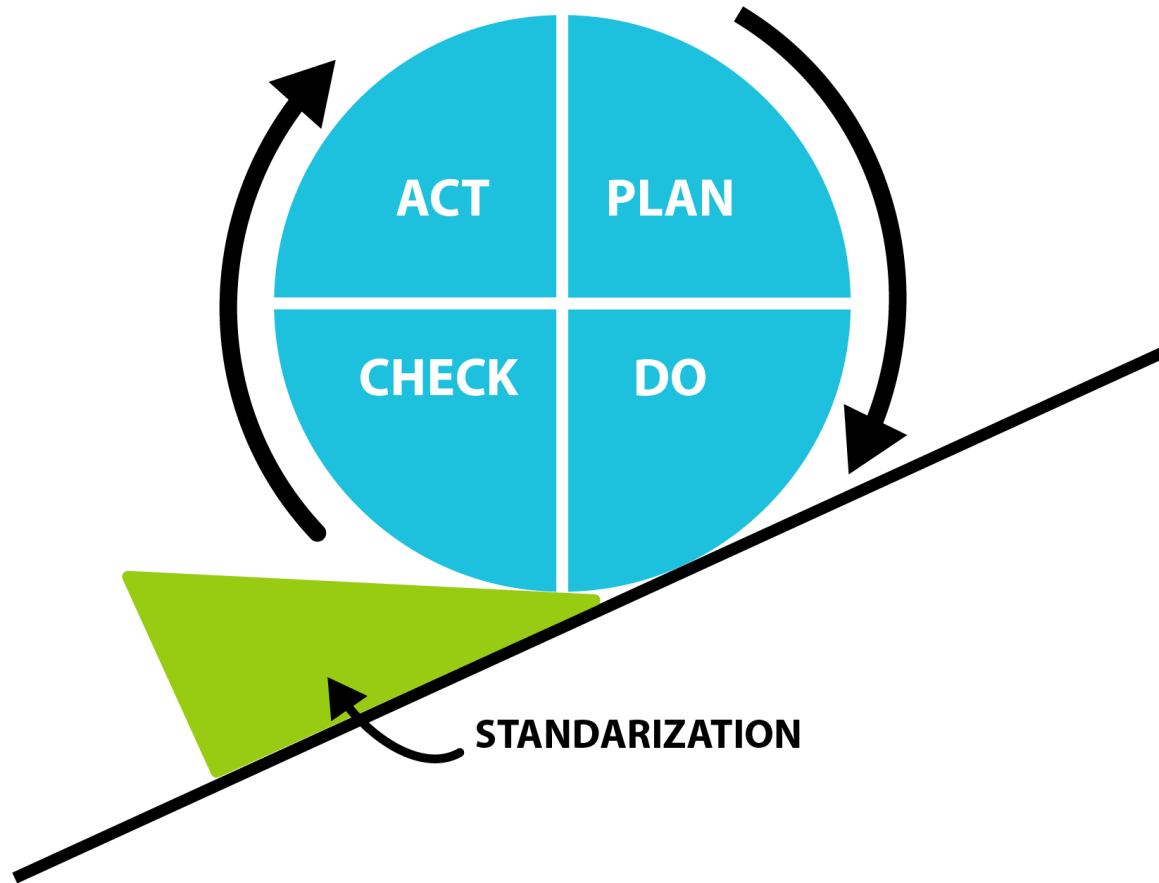


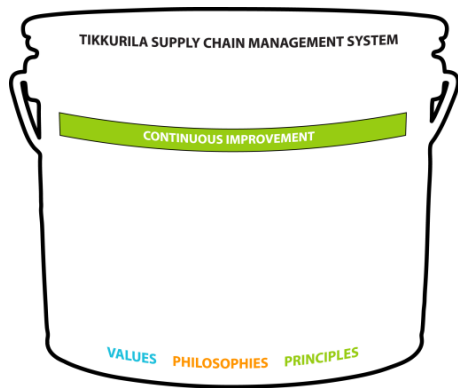
Deming cycle



LEAN JOURNEY

CONTINUOUS IMPROVEMENT

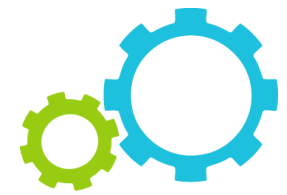




Continuous improvement

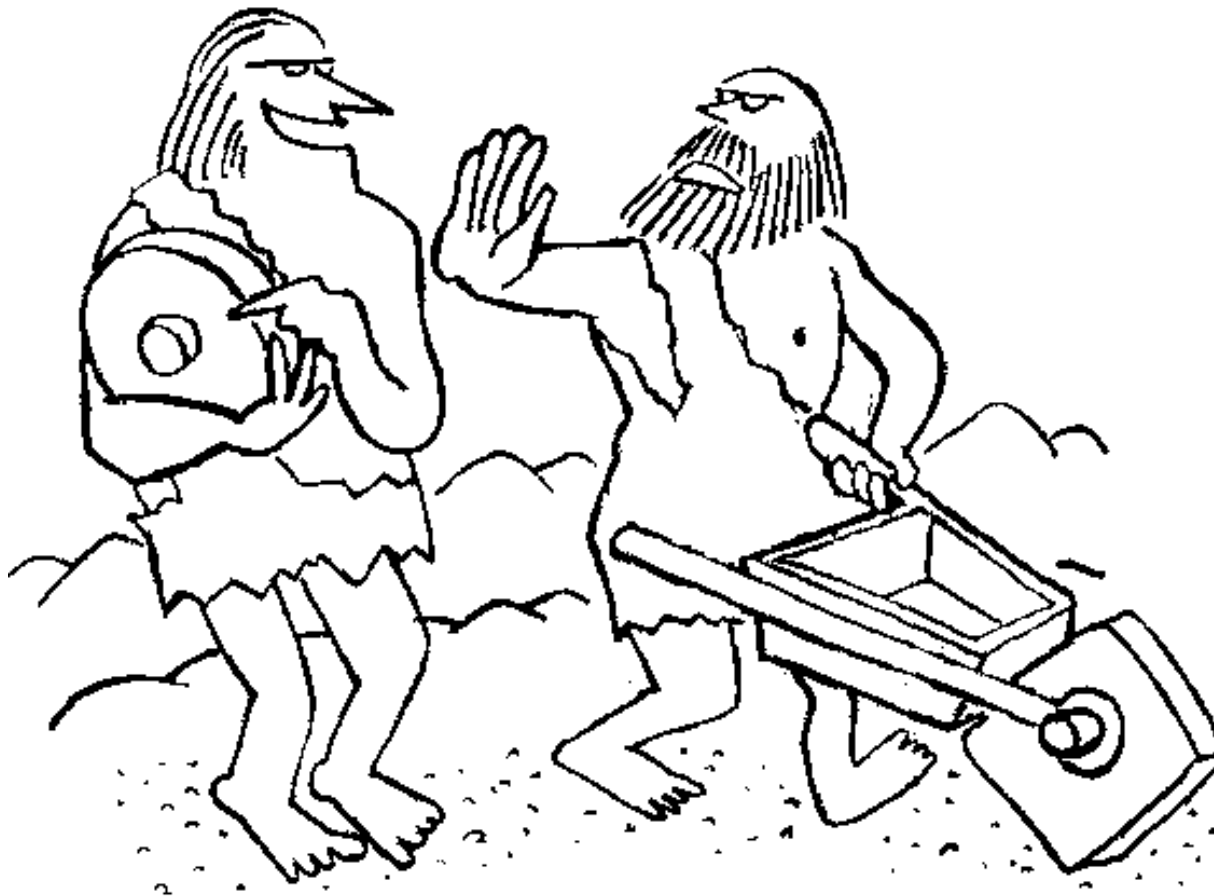


- All employees are expected to work and reflect, in order to challenge our processes and improve them.
- Our improvements should always support our targets.
- Continuous improvement means that we create new, and improve our existing, standardised ways of working through elimination of waste in the processes.
- Improvements are realised through professional management of new ideas, deviations, disturbances.
- All areas inside Supply Chain can be improved, we can be proud of what we have achieved but will never be satisfied because the business environment is constantly changing and competitors are improving.



LEAN JOURNEY

No time..... I have to work



Characteristics of highly effective idea systems



LEAN JOURNEY



Q&A

