

DORVAL

MANAGEMENT ASSOCIATES

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Focus of Business

- Manufacturer of textile products
- \$5,300,000 in Annual Revenue
- In Business over 100 years (Fifth Generation)

Business Problems (Before DMA)

The Company was being run like a mom and pop organization. The owner did not know how to hold his managers accountable and felt like he was responsible for every little decision. The factory was in disarray, office personnel were coming out to the factory changing production schedules, orders were being changed on a whim from customers, the production schedule was no more than a glorified shipping schedule and sample requests were constantly interrupting production. Consequently, the added costs were shrinking the gross margin.

Mom and Pop Organization Solution:

A functional organization chart was developed and a chain of command was established. Job descriptions were written for all managers stating duties and responsibility, authority and how the positions were going to be held accountable. An evaluation procedure was set in place and all managers were taught how to professionally evaluate their subordinates. DMA implemented weekly management and department meetings utilizing a structured agenda.

Gross Margin Shrinking Solution:

The production manager is now the only person authorized to enact changes to the production schedule. In order to provide the product managers and salespeople with a forum to propose needed changes, they are now attending the first part of the weekly production meeting (Schedule Part) along with the foremen to voice their priorities. A new policy was implemented that informed customers the added cost associated with changing their orders.

Result

The new chain of command allowed for decentralized decision-making which gave the owner more time to actually run his business. During the weekly management meetings, minutes were taken, actions items were discussed and people were being held accountable for completing the action items by the following week's meeting. A sense of camaraderie started to form and management was now working as a cohesive and upbeat team. Issues were getting resolved and the company was moving forward.

The new format to the production meetings clarified and simplified authority standard, eliminated confusion and frustration in the plant, improved productivity, and provided salespeople and product managers an avenue to make needed changes in a planned and organized manner. These changes reduced manufacturing cost and increased the gross margin by a whopping 6% increasing gross profit by \$318,000.

The new policy of informing the customer of additional cost for changing the order after it was in production was used depending on the importance of the customer. It was used as a bargaining chip to negotiate something of value that the company may want from the customer.