

## The “No Layoffs” Commitment

**Using kaizen as a tool of manpower reduction will not lead to a successful transformation into a Lean Enterprise.**

Significant productivity improvement will be achieved through Lean manufacturing and kaizen. However, releasing workers who as a result of kaizen will not result in long-term cost savings.

The deep rumblings of ‘what’s going to happen to my job’ start even before the kaizen results are fully realized.

**When jobs are cut because of kaizen, the workforce participation stops, and the kaizen effort stops.**

In order to realize long-term gains kaizen, the workers that become available must be reassigned so that they can continue to eliminate waste and generate profit for the company.

***The management must make a commitment that no one will lose their job as a result of productivity improvement.***

The following are 10 ways in which companies on the Lean journey have successfully done this:

### ***1) Natural Attrition***

Cost savings through manpower reduction can be matched to the pace of natural attrition of workforce. Kaizen will allow a slowing of the pace of replacing employees who retire each year.

### ***2) Bring Outsourced Work Back In-house***

As capacity is created through kaizen, work that was outsourced can be brought back in-house. Additionally, some of the work done by suppliers with poor quality, cost, or delivery performance can be brought in house.

### ***3) Reduce Overtime and Holiday Work***

Overtime pay can be a good addition to your income, but studies have shown that continually working long hours can erode productivity. When companies become more Lean, they are able to make production targets by the end of the standard hours. This allows workers to pursue other interests, and allows the company to save money.

### ***4) Create ‘Waterspider’ Position***

Often the most skilled and valuable workers are wasting time searching for, waiting, and transporting rather than making product. A ‘waterspider’ is a highly trained ‘floater’ that supports a flow production line by delivering

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materials and stepping in to keep the workers focused on adding value.

### **5) Set-Up Teams**

Lead-time reduction can be achieved through production of smaller lot sizes. Lot size reduction requires shorter set-up times. A dedicated set-up team that is trained and highly skilled in quick changeovers can plan and perform set-ups rapidly. When there are no set-ups to perform, the set-up team works on further set-up time reduction activities.

### **6) Continuous Improvement Team**

As wasteful steps are reduced through kaizen, more opportunities for improvement will be found. Capturing all of these opportunities for cost savings require time and effort. Lean Enterprises create a ‘Lean/Kaizen Promotion Office’ with a dedicated team of continuous improvement experts.

### **7) Cross Training**

As the transition is made to Lean manufacturing, flow lines and production cells requiring multi-skilled workers will become more common. Cross training will develop a more flexible workforce, resulting in more responsiveness to customer needs.

### **8) New Business**

Kaizen results in increased labor capacity and equipment capacity. The excess capacity is an opportunity to capture new business with the same overhead expenses, in effect lowering the rate. Quoting new work based on the new lower rate will win more work and lower costs further.

### **9) Research & Development**

Workers and staff who are made available through kaizen can be assigned to R&D positions to study new manufacturing technologies, better process designs, test new products, initiate cost reduction programs, or perform pilot runs of jobs to more accurately quote new work. All of these activities will generate profits through reduced costs and increased manufacturing capabilities.

### **10) Improve Customer Service and Sales**

Continuous improvement activity and Lean manufacturing must always *focus on the customer*. Skilled and experienced workers can be retrained to provide on-site or remote support to customers. By providing additional services to customers and better responsiveness for after-sale care, companies can distinguish themselves from the competition.