



Country Life LLC

A Lean & Supply Chain Success Story

Country Life Vitamins LLC



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Country Life Overview

The Need for Change

A Fresh Beginning - January 2010



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A New Day For Supplements



ESTABLISHED
1971
**Country
Life**

Our Pledge Of Integrity

Authenticity • Cleanliness • Freshness • Consistency • Accuracy



Country Life LLC

FOCUS



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Corporate Culture

Values

Integrity . We are committed to integrity in all of our endeavors and relationships.

Respect . We will treat one another with dignity and respect . We believe in open communication and constructive feedback.



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Corporate Culture

Customer –Focused. We recognize our customers are part of our team. We will treat them, as well as vendors and competitors, responsibly and honestly.

Result Empowering our staff to be the best they can be. Believe in each other and your teams and SHOW it!

TRUST

underlies everything we do.



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GreyStone Business Solutions – Challenges

- Operational Challenges Defined:
 - Training: Schools in session!
 - Building Empowered Teams & a Lean culture
 - MRP: System not fully developed / Implemented (Several failed attempts over a multi-year periods with different participants)
 - VSM: Numerous operational processes incomplete or ineffective (including MRP, NPD, Labels...)
 - 5S & Visual Techniques
 - Inventory Management & Cycle Counting
 - Set –Up Reduction / SMED
 - Quality: Yield & Customer Returns
 - Establish Ops. Metrics incl. Fill Rate / Service Level





Country Life LLC

- **STRATEGY**
- **SYSTEMS**
- **STRUCTURE**
- **STAFFING**





Country Life LLC

- **STRATEGY**

- Mid tier positioning
- Super Segment focus
- Premium quality' Brands
- Continuous Improvement of our Products, Processes & People





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• **SYSTEMS**

- ERP / MRP

- S&OP

- REPORTING & METRICS

- QUALITY

- LEAN PROCESSES



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Systems

- The MRP process was given priority by top management and was designed and implemented by the MRP Team in concert with the I.T departments available resources.
 - » Planning
 - » Purchasing
 - » Quality
 - » I.T.
 - » Finance
 - » GreyStone





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• **STRUCTURE**

- Manufacturing, Packaging, Engineering aligned
- Warehousing Operations aligned
- Planning and Purchasing aligned
- Marketing-Education aligned
- Sales and Marketing aligned
- Sales functions aligned





Structure Aligned

- Through the Value Stream Mapping & Sales and Operations Planning (S&OP) processes, silos have been eliminated and replaced by cross functional teams collaborating for success:
 - MRP - Implemented
 - Forecasting and S&OP Implemented
 - Inventory Management & Cycle Counting - Implemented
 - Quality





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- **STAFFING**
 - Skill-set
 - Experience
 - Team player
 - Values





Staffing - Training

Commitment and Investment by Top Management

- Every employee in the organization received education and training on Lean processes Improvement methods including 5S.
- Supervisors and Managers were trained in Problem Solving, Root Cause Analysis and Value Stream Mapping
- The Supply Chain team was trained on MRP logic and Inventory Management including Cycle Counting





Educated and Empowered Employees

Cross Functional Teams

- Focuses on and solves specific organizational problems
- Bridges gaps between various departments
- Opens lines of communication
- Addresses problems from multiple perspectives
- Unites workers from different departments



Lean – A Competitive Strategy

- Lean is a flexible cost competitive strategy that offers the customer:
 - Superior Value
 - Highest Quality
 - Quick Response - short lead times, flexible facilities with the seamless integration of manufacturing, design, sourcing, sales, etc.



Today's business systems MUST incorporate these strategies



Value-Added & Non Value-Added Activities

Value - Added (VA) Activities - are those that add value to products and services that customers are willing to pay for.

(Improvements that change a product's or service's form, fit, or function)

Non Value Added - Activities that use resources but add no value (in the eyes of the customer).

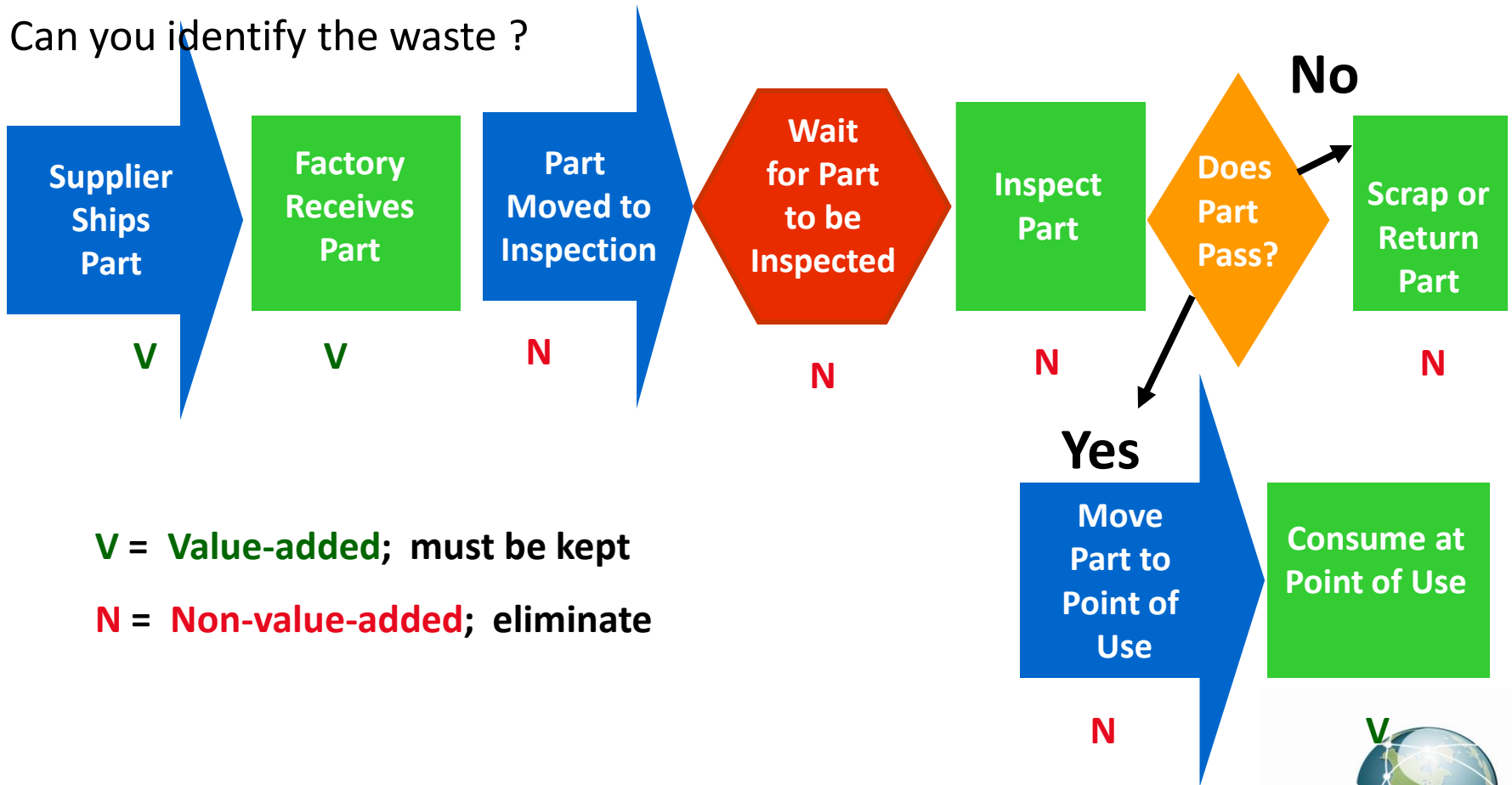
- Required (NVA-R) - Some non value-added activities may still be necessary or required by law. If they cannot be eliminated based on current knowledge or technology. Eliminate long term when possible
- The balance of Non Value-added activities should be reduced or eliminated.

**OBJECTIVE: ELIMINATE or MINIMIZE NON-VALUE ADDED
ACTIVITIES**



Value Stream Map: Example

Can you identify the waste ?

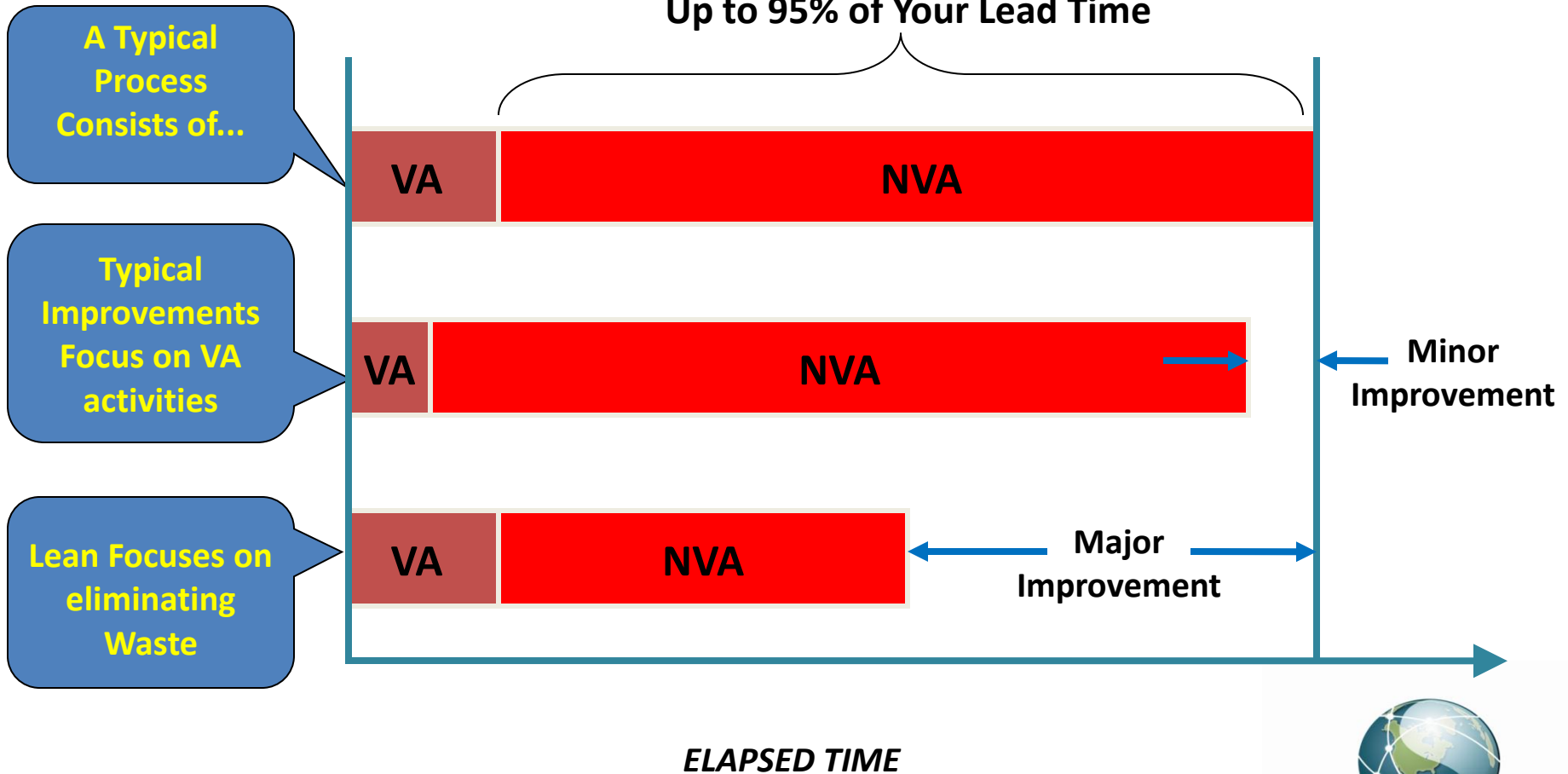


V = Value-added; must be kept

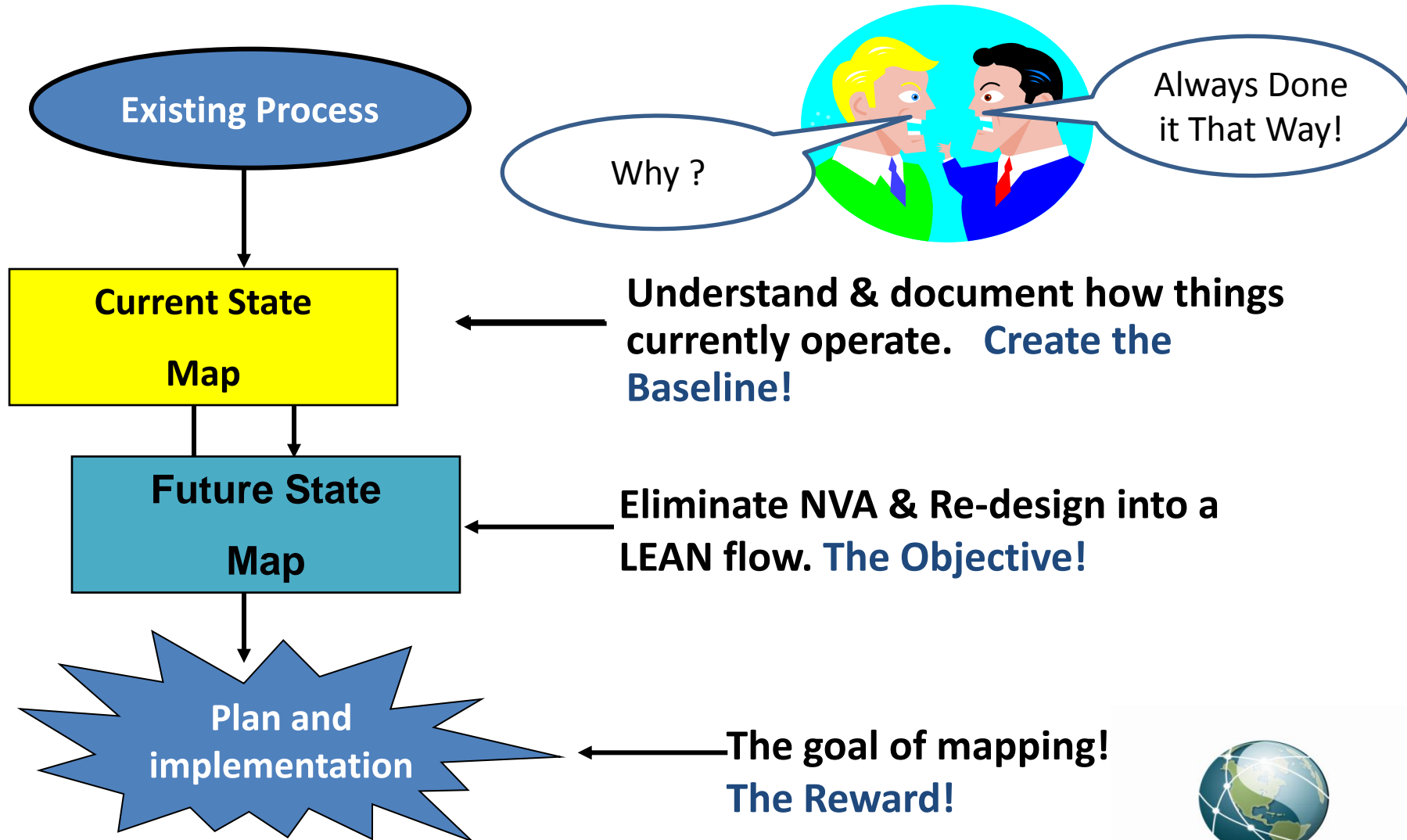
N = Non-value-added; eliminate



The Goal is to Eliminate Waste



Using The Value Stream Mapping Approach





8 Kinds of Waste

Intellect

Any failure to fully utilize the time and talents of people

Overproduction

Producing too much, or producing too soon

Transportation

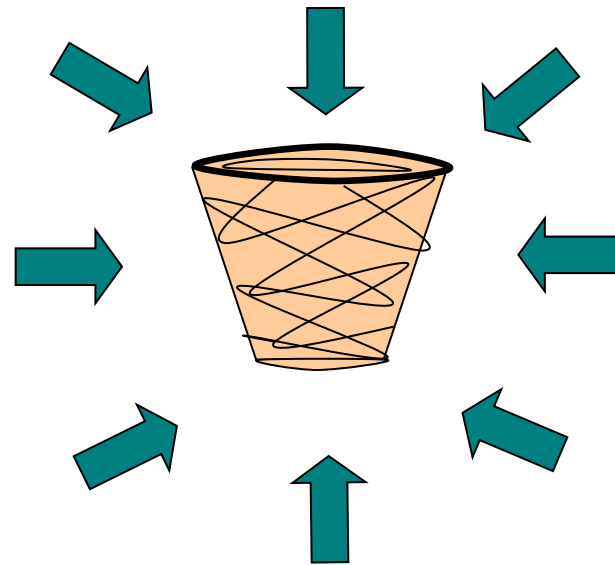
Any nonessential transport is waste

Inventory

Any more than the minimum to get the job done

Waiting

Waiting on parts, waiting for a machine to finish a cycle



Motion

Any motion that does not add value

Correction

Any rework or repair

Over Processing

Any unneeded or inefficient steps





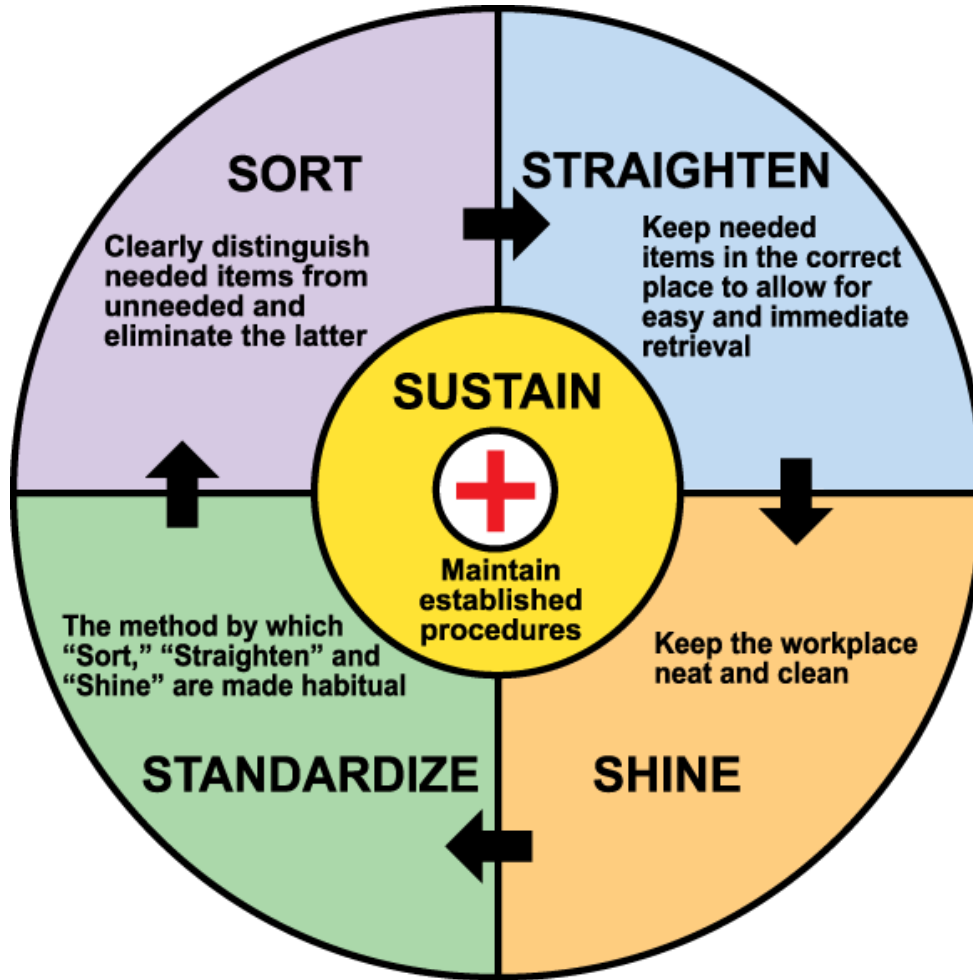
Workplace Organization – 5S

- ***“A place for everything and everything in its place”***
 - **A standard for safety, cleanliness and storage**
 - **Eliminates waiting wastes and unnecessary downtime**
 - **Increases overall efficiencies**





The 5S SYSTEM



Visual Controls



**GREEN BORDER INDICATES
FINISHED PRODUCT**

**BLUE BORDER INDICATES
WIP**



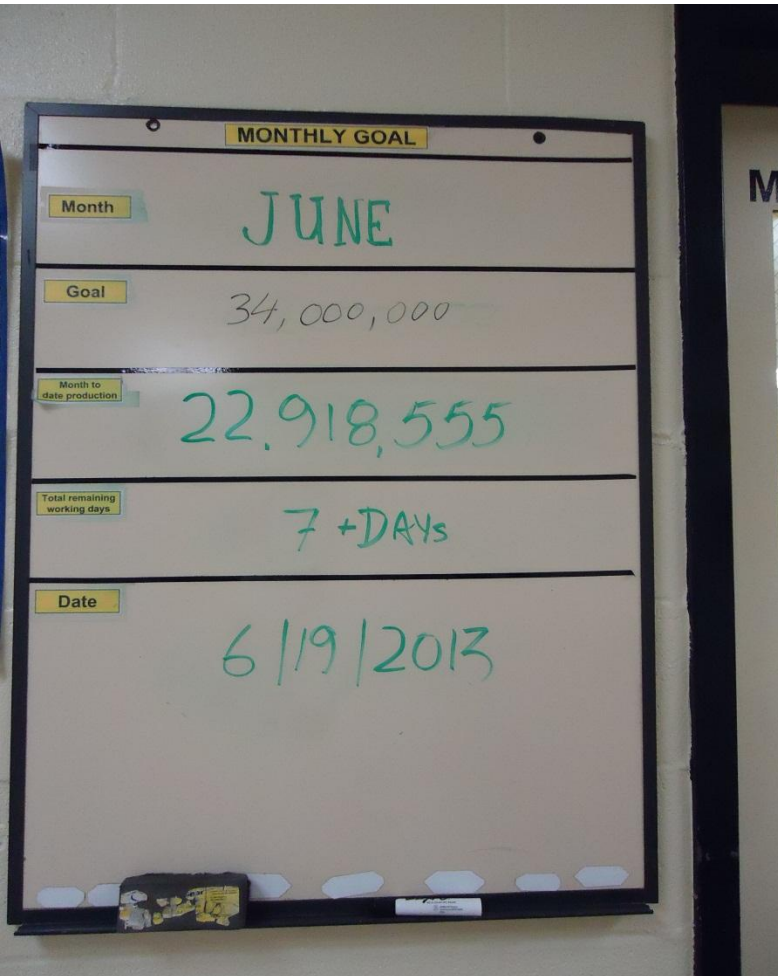
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LEAN TEAM

BEFORE

AFTER





LEAN TEAM

BEFORE



AFTER





LEAN TEAM

5S

Country life
A place for everything and everything in its place

5S SUSTAIN

4S

STANDARDIZE

Make best practice
Common practice

3S

SHINE

Clean and clear work areas
Highlight problems

2S

SET IN ORDER

A place for everything and everything in
its place

1S

SORT

Remove unnecessary items
Only what is needed when is needed

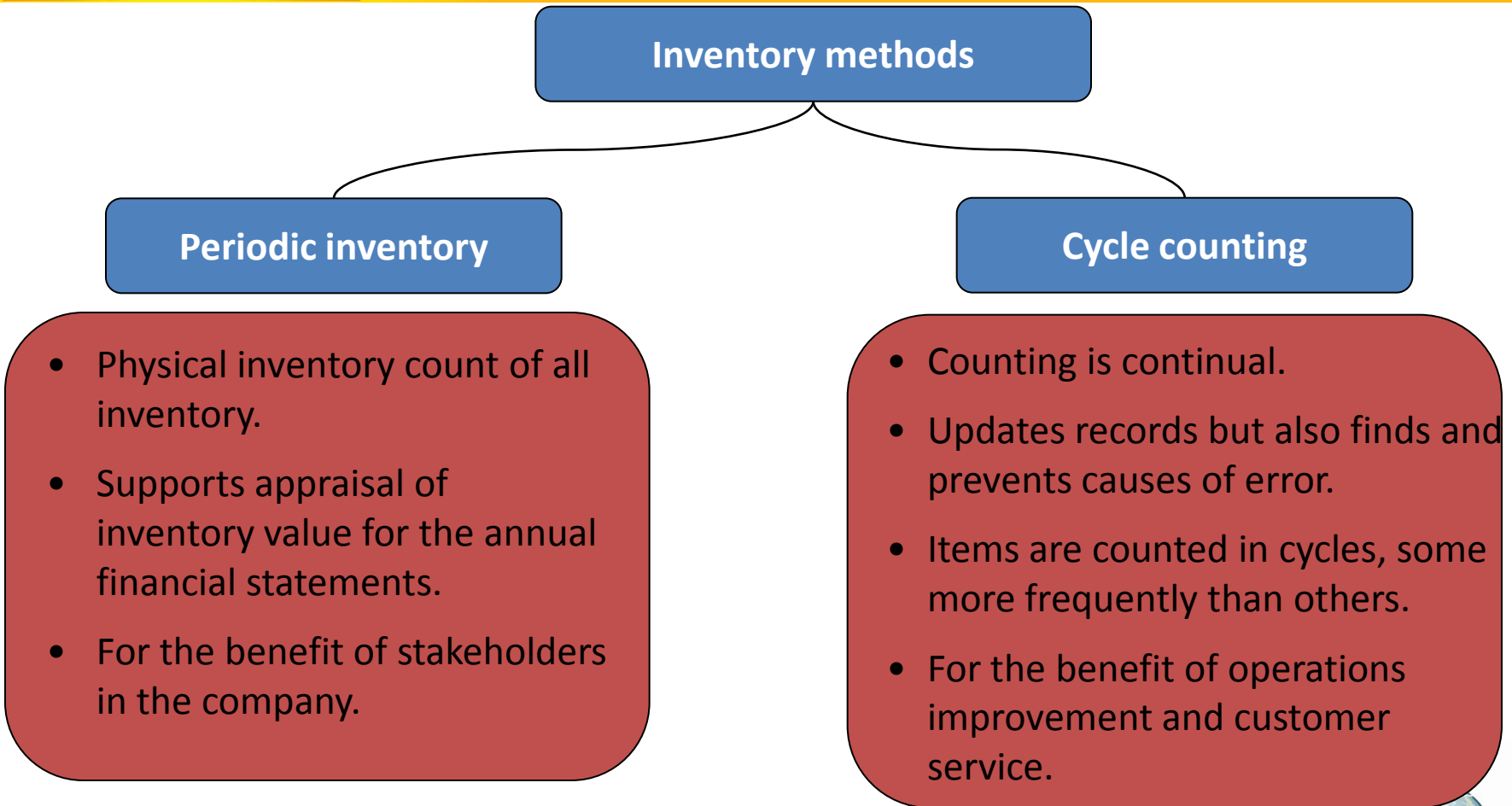


5S EVERY DAY

L
E
A
N



Inventory Management



Annual Physical Inventory is time consuming and costly

Objective: To replace Physical Inventory with Cycle Counting

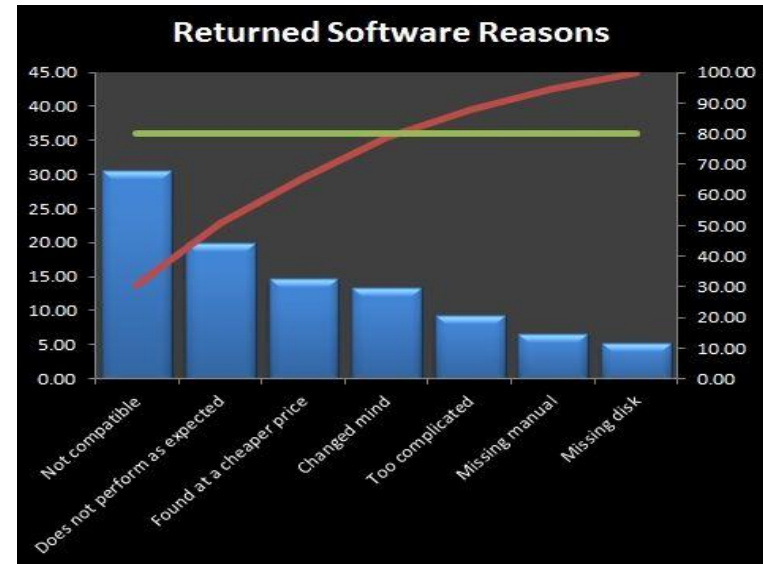




ABC Classification – Cycle Counting

Vilfredo Pareto - 1897

- A Items 20% of the items account for 80% of the total dollar usage
- B Items 30% of the items account for 15% of the total dollar usage
- C Items 50% of the items account for 5% of the total dollar usage





Country Life Products – 2014 YTD

	SKU Count	Unit Sales	Sales Dollars	Gross Margin
A – 20%	93	59%	64%	
B – 30%	138	28%	26%	
C – 50%	232	13%	10%	
Total	463	100%	100%	

Apply ABC Analysis to Planning
/Customer Service!



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Setup Time Reduction - SMED

1. Identify critical Bottleneck Resources that have long lead Set-Up Times
2. Classify Set-Up components:
 - a. **External** – The portion of set-up time that can be accomplished while the machine is still running.
 - b. **Internal** – The portion of set-up time that requires the machine to be idle
3. Convert Internal to External (where possible)
4. Identify alternatives to reducing remaining set-up time.
5. Modify machines to facilitate set-up reduction



Fact: Many companies experience a 50% reduction in set-up time just by addressing external set-up time.

Problem Solving /Quality Management Tools

Train Team Members to utilize Quality Tools:

- Cause-and-effect diagram (Fishbone or Ishikawa)
- Pareto chart
- Five “Why’s”
- Process Mapping
- Poke Yoke





PROCESS IMPROVEMENT ACTIVITIES



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Production Achievements *

Packaging

1. Average Units produced per hour Per Quarter.
 - 2010 to 2014 --- **28 % Increase**
2. Minimized the down time.
 - 2014-**decreased** the change over time by **30 %**.





Production Achievements *

Manufacturing

1. Yield improvement (initiated 2013)
 - **2010 – 2014** - increased the yield from 92 % to **94.6 %** [decreased the waste] by **2.6 %** = \$ 470,000
2. Average Units produce per hour Per Quarter.
 - **2010 - 2014** ----- increased the average unite produce per man hour by **15 %** .
3. Minimized the down time. (initiated 2014 – In Process)
 - **2014-decreased** the change over time by **5 %**.





Inventory Management

PROCESS IMPROVEMENTS

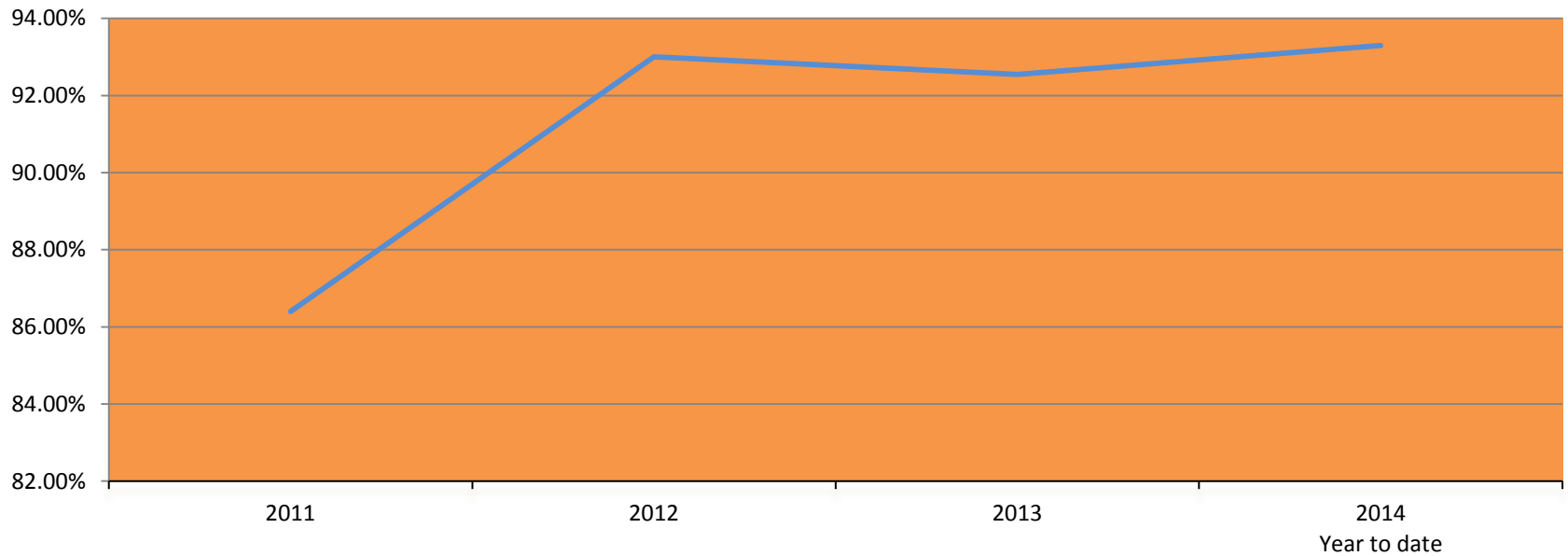
- Inventory Accuracy Improved
 - 2010 Year End Loss: (\$130K)
 - 2011 (\$56K)
 - 2012 (\$35.5K)
 - 2013 (\$48K)
 - 2014 Year End Pickup \$18k
- Inventory write offs reduced 50%





Service Level

2011 -- 2014





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Chinese Bamboo Tree

LEAN ENTERPRISE -- INVESTING IN YOUR FUTURE

Planting and
nurturing the
Bamboo



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Mature Bamboo



How long
did it take
for the
Bamboo to
mature?



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Summary

- The most important factors in the successful implementation of any continuous improvement initiatives:
 - Top management support
 - Adequate training of every employee
 - Can do attitude
 - Creating a Lean culture





2015 – What's Next

- Lean / Continuous Improvement Continues!
- Six Sigma Training & Implementation
- Enhanced HRIS System
- Streamline New Product Development
- Expand MRP for Desert Essence Supply Chain
- Inventory Optimization





QUESTIONS ?



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