



Today's global financial crisis has tightened credit markets, making it increasingly difficult and expensive to secure lines of credit. As we collectively face this wave of economic uncertainty, I encourage you to focus your lean efforts on quickly reducing working capital to generate cash. Why tie up cash with nonperforming inventory, unprofitable SKUs, or high receivables when you could be using it to fund growth initiatives, invest in tuck-in strategic acquisitions, or cover unexpected but necessary expenses?

Many clients are asking us to help them quickly improve their cash position by rapid deployment of lean projects or events specifically focused on the reduction of working capital. We generally begin by gaining an understanding of your demand segments and by conducting a product portfolio review. We can quickly identify and start implementation of product-line rationalization and pull-replenishment activities that reduce inventory and increase gross margins. We also find it very effective to reduce the lead time of the order-to-cash cycle by streamlining accounts receivable processes. With just eight to ten weeks of focused work on finished goods, raw materials, and accounts receivable, you can achieve an overall 10–15 percent reduction in working capital.

Many of you are already applying lean to consolidate distribution centers, reduce finished goods inventories, rationalize product lines, and create vision for future product platforms. Embracing an enterprise-wide lean philosophy makes you more competitive. Most importantly, it puts you in a position to respond quickly in the uncertain business climate.

As we face this economic downturn—even worse—recession, let's work together to find ways to remain competitive and emerge even stronger when the turbulence subsides. In this time of economic turmoil, we believe that working capital improvement is paramount for generating free cash and placing you in a proactive position to differentiate, grow, and prosper.

In this issue, you'll read about several companies who are leveraging lean for significant advantage. I think they'll weather the storm far better than others who have yet to discover lean as a tool for growth and prosperity. Times are tough but there are success stories everywhere. Learn from QuadTech (p.2) and see how they're leveraging lean to grow in an ailing industry. Read about leaders who apply lean principles (p.6.) to build a culture of continuous improvement. Marvel at Milbank (p. 12) and all they're doing to reduce inventories, improve lead-times, and gain significant amounts of market share. Become an environmental steward and generate savings through lean energy reduction (p.14). Manage material flow (p. 22) by applying lean techniques to reduce floor space and improve inventory management. The list goes on. You'll see results in every example throughout this issue.

LeanSigma® is the holistic solution to drive positive transformation across all sectors and it's the tool of choice for making immediate improvements in working capital and generating the most coveted prize of all—cash. ■

A handwritten signature in black ink that reads "Anand Sharma". The signature is fluid and cursive, with a horizontal line underneath the name.

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