



## Plant Management: Is It Time to Call in The Cavalry?

For struggling manufacturing operations there comes a point when executives have to act to turn around a poorly performing manufacturing plant. Here are six signs that it's time to call in extra help.

**In many crisis situations current management may be able to turn things around eventually. The question is: How quickly can they do it? And how long can your company afford to wait?**

When the causes of man-made disasters are analyzed, they typically can't be traced to a single monumentally bad decision. Rather, a series of unrelated occurrences and seemingly minor decisions slowly compound into a crisis.

Similarly, when we look for the root causes of a plant in crisis, there's never a single factor. A series of market developments, internal changes and management decisions eventually lead to a **financially unacceptable trend with no sign of a turnaround**. That's

the simplest description of a plant in crisis.

In terms of metrics, a plant in crisis underperforms for an extended period of time with regard to budgets or production targets, or in comparison to similar operations and to past performance levels. Despite some attempts to fix the situation there are few indications that things are going to improve.

**When deciding whether it's time to step in or not, here's the question you have to consider. If a factory misses plan by a wide margin for three months in a row, and nothing has been done to address the underlying problems, how likely is it that month four will be any better?**

Turning around a plant in crisis will always require extra management attention and, in most cases, extra resources. It's up to executives to decide when it's time to call in additional internal or external support.

**Here are some of the signs it's time to resort to extraordinary measures:**

1. Repeated quality issues.
2. Never-ending struggles with equipment up-time.
3. Missed production schedules.
4. Chronically late customer shipments.
5. Key management positions are vacant.
6. Missing the financial plan for three or more months in a row.

These are some of the signs of a crisis. Management vacancies are an issue because it takes time to find, hire and onboard the right people. Without effective leaders in key positions performance will never improve. A quick financial assessment will show how much all of these factors are driving up costs, especially when compared to past performance or to similar operations.

Going back to our crisis definition, determining what level of performance is financially unacceptable, and how long it is allowed to go on, is an executive judgement call. If that threshold is met, and the current management team has had time to rectify the situation but hasn't made any progress, or is not moving anywhere

near fast enough, it's time to act.

## **TBM Management Briefing: How to Quickly Turn Around an Underperforming Manufacturing Plant**

*Even well-run companies occasionally have a manufacturing plant that jumps off the rails. [Read an in-depth look at our four-step approach for getting a manufacturing plant back on track.](#)*



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