



## 'LITTLE GUY' GOES 'LEAN' BIG TIME



**Beaches Woodcraft Inc.**  
**Location:** Atlantic Beach, Fla.  
**Products:** Fabrication and installation of high-end veneered and solid wood cabinets  
**Market area:** Greater Jacksonville  
**Facility size:** 10,000 sq. ft.  
**Employees:** 15  
**President/Owner:** Jerry Hoey  
**Yearly sales volume:** \$1.42 million

### Beaches Woodcraft hires consultant, uses common sense approach to efficient manufacturing



By Steve Ehle

Jerry Hoey didn't know he was heading in the direction of "Lean" manufacturing when he sought out a consultant to help get his small cabinet business on track and ready to move into a new manufacturing facility.

He just knew he needed to make significant changes in the way he did business and fabricated his high-end custom cabinets. Unlike some men who don't like asking for directions, Hoey had no qualms about seeking help.

The Jacksonville, Fla. cabinetmaker had known for a long time that, despite the fact that his business was doing well and he had a very good reputation among architects, interior designers and high-end custom home builders in the Jacksonville area, that it was time for a major makeover. Hoey's vision was to relocate the company approximately one mile down the road and double the floor space to approximately 10,000 sq. ft.

At the "old" shop, plant layout was haphazard. Work flow was disjointed. The dust collection scheme needed significant reworking. And, as even Hoey would admit, the plant "was a mess."

Beaches Woodcraft is a family business that also includes Jerry's son and Jerry's brother. The business model is based on designing, manufacturing, finishing and installing high-end residen-

tial custom cabinetry.

At the 2004 International Woodworking Fair (IWF) in Atlanta, Hoey met with Lignum Consulting, Inc., a Charlotte-based firm focusing on

the secondary woodworking industry. The main contact was Lignum president Eberhard Reyer (a consulting editor to *Wood Digest*).

"At the time, I thought only large companies hired consultants and contracted to have major plant redevelopment," says Hoey. "But that turned out not to be the case. We were able to work out a plan where Lignum would provide certain consulting services for a specified cost. We wanted to move into the new plant in 18 months, so we had to move fast."

Reyer visited the northern Florida company and he and Hoey devised an action plan. The principal project strategy was jointly developed to proceed as follows for the old plant and the new facility:

- Lignum would develop a functional, productivity enhancing layout and material flow for the new factory in conjunction with the Beaches' team.
- In alignment with the layout, Lignum would develop coordinated utility plans for dust extraction, compressed air, lighting and electrical power distribution.
- Lignum would utilize a factory planning/engineering/construction time of approximately 12 months to facilitate, design and implement operational improvements, particularly with detailed workplace layout organization in the old factory, prior to the move to the new factory.
- Lignum would also train employees in the "5-S" principles, which are "Lean" manufacturing practices for organizing and managing the work area. (Sort, Set in order, Shine, Standardize and Sustain)
- Lignum would plan and facilitate the move from the old factory to the new factory.
- And, Lignum would place two engineer-

ing interns at the site to facilitate the process, before during and after the move.

"We just felt that if we were going to change the way we produce our custom products, we would be much better off to make some major changes internally before we made the move," Hoey says. "Otherwise, after we moved into the new plant, in a few months we'd be right back where we were before. We felt we had to change the way we did things before we made the big move. More than anything, it was a company cultural change."

After the move to the new plant, Lignum service continued for another six months. That service included the continuing operational improvement initiative with detailed work plant layout organization, and continued training and application of 5-S.

*Wood Digest* recently asked Hoey about his company upgrade, and his first experience with a consultant and what it meant to his company.

**Wood Digest:** What was your motivation to seeking a consultant to help you with the upgrade of your production operation and the move to the new facility?

**Hoey:** We were planning to move from a 6,000-sq.-ft. facility to a 10,000-sq.-ft. plant. Along with the move, we planned to significantly upgrade our dust collection, air distribution and finishing infrastructures. We sought advice and experience from someone who has done this many times before. Our thinking was if we could avoid just one mistake in the process, that over the long run, it would more than pay for the up-front expense of the consultants.

**WD:** How did you negotiate the contract with Lignum? Was it a "menu" situation where you could take one service from column A, two

from column B, etc.?

**Hoey:** Having no prior experience with consultants, we were unsure about how to go about it. We relied on Eberhard (Reyer) to outline the process as he saw it and give us a rough estimate of the costs involved. We then decided on the process that we thought would be most cost-effective and give us the best results.

**WD: What were your expectations going in to the project?**

**Hoey:** We expected Lignum to use their knowledge and experience to lay out a functional, versatile and efficient plant. They took it a step further by providing us with two engineering interns from Germany: one who came and physically prepared us for the move and a second one who assisted us in settling in after the move.

**WD: Were those expectations realized?**

**Hoey:** Yes, having been in the new plant for over a year, we can easily see the improvements to work flow, improved organization, cleaner environment and improved general morale. We have more capacity and we have the potential to grow more. We got there from the old to new factory in an organized way, minimizing mistakes. The new detailed workplace layout organization works very well and supports productivity improvement and safety. We also emerged as an employer of choice, and we are attractive as an employer. We have now the best work crew we ever had. Productivity improvements are visible. We were able to invest and integrate a new CNC router into the new factory layout. We believe that the investment in the industry specific professional engineering support will be a good investment with payback in "getting it right the first time."

**WD: If you hadn't contracted with Lignum, what would you have done to accomplish what you did?**

**Hoey:** We would have to have done it alone. While I am sure we could have, I am equally as sure it would not have been anything nearly as good as what we have now. There is no substitute for experience. We are very good at building high-end custom cabinetry but have never faced the challenge of laying out a 100- by 100-ft. space for manufacturing that we expect to be as valid in 20 years as it is today.

**WD: In terms of improved productivity and other positive results of the project, have you been able to attach a financial outcome to**



*A little goes a long way. Pictured is Beaches assembly back bench before (left) and after (right) Lignum Consulting's Lean makeover.*

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A nest before and after Lignum Consulting's workplace organization.

what you and Lignum did?

**Hoey:** To be perfectly honest, it is still too early to see the financial outcome. We are still settling in and sorting out the cash flow. The entire moving process was much more disruptive than I expected. Even though we were "down" only for less than a week in the move, the subsequent settling in process has lingered for almost a year. To be sure, much of that involves integrating a new CNC router into the flow as well as acquiring and training three new employees.

**WD:** With Lignum essentially consulting on a distance basis, how did you handle their recommendations on your end?

**Hoey:** Most of the time we had one of the engineering interns with us here. Eberhard communicated with them regularly by phone and e-mail and made a few follow-up trips in person to ensure their progress.

**WD:** What are your plans to make sure that the gains you made through your Lean experience will be sustained? What sort of training program did you

go through, if any, with the implementation of the program?

**Hoey:** This is a work in progress. I believe we'll constantly be looking for and finding ways to become more efficient. In today's manufacturing environment, with the rapid pace of innovation and change, we need to be smart and nimble enough to adapt to improvements as they come along. I don't see this ever changing

**THE CONSULTANT'S PERSPECTIVE**

Reyer was asked about his role in the project.

**WD:** You typically work with large manufacturers with deeper pockets. Why did you decide to take on this project with a manufacturer who on a relative scale is much smaller than your normal clients?

**Reyer:** I took on this project because we could supply the engineering services Beaches Woodcraft wanted and needed us to do in order to design the new "shop" with optimum layout, material flow and expandability. They also wanted us to improve productivity and workplace organization applying 5-S principles in the old shop while the new factory was being built. And, to plan and move to the new premises with a "leaner culture" and carry out another six months of focused workplace layout and organization.

Another reason I thought this project could work out well was the chemistry between Jerry and me and Jerry's openness for operational excellence — that shop floor improvements are needed; plus Jerry's openness to an on-site engineering intern who could execute and implement changes.

**WD:** How did you set the price of the contract? Is there some sort of follow-up service incorporated into the contract?

**Reyer:** Together with Jerry, we determined the

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scope of the two main elements of engineering services: Designing and planning the new shop layout and material flow and utilities planning; and detailed workplace organization in the old shop and in the new premises once the company moved there.

Based on the above scope and based on a budget Jerry asked not to exceed, we agreed on the project deliverables and a fee.

**WD: What is the difference in dealing with a client the size of Beaches and your larger projects?**

**Reyer:** A small manufacturer the size of Beaches has a different structure; i.e., there is no engineering department. Plus, the owner wears many hats in areas like sales, market development, product development, engineering and manufacturing organization and personnel issues. Information is predominantly in people's heads, not documented. We call it "tribal" knowledge. Because the owner is directly involved in most aspects of the supply chain, discussions and consequently decisions move forward quickly.

**WD: Will you take on more projects like Beaches? If so, will you offer some sort of standardized plan or will each project be customized per the client?**

**Reyer:** Yes, we will. A precondition is that like at Beaches, there needs to be an openness for outside engineering services, and a scope and deliverables that can be established, together with a project timeline and cost budget. Also, conditions need to be right for a win-win situation and expectations need to be discussed and communicated.

A standardized plan is not really feasible because every company has different goals and objectives, cultures, circumstances, engineering needs, levels of expertise, etc.

What is somewhat standardized is that we utilize selected, handpicked wood and panel processing-specific engineering interns from prominent woodworking colleges and place them

on-site with the customer, like Beaches Woodcraft. This combination of having the engineering intern on-site for three to six months, coupled with support from senior Lignum engineers or managers, makes this concept attractive and also feasible.

Like in any business, it takes two parties to agree on a common objective, agree on expectations, time frame and cost budget. Management commitment and support for the project was the most important

element to keep the program on track so that the objectives could be met. ■■■

*Ed. note: Eberhard Reyer, president of Lignum Consulting Inc., specializes in European wood and panel processing technologies and systems as well as in North American business and manufacturing. He can be reached at (704) 552-5175 or by e-mail at e.reyer@lignum-consulting.com.*