



Managing change in the production print mail environment

Understanding utilization and
capacity factors captured by
machine-derived data



Introduction

Whether you operate an in-house production print mail environment or a full-service production mail service bureau, your business success relies on meeting or exceeding your customers' needs, expectations, and their definitions of success. The world today is nimble, mobile and social and getting more so each day. Businesses are being asked to match these ever-evolving dynamics. To compete today, production mail environments must evolve as well. The questions are how to evolve, what metrics will be relevant, and how does this evolution impact the top and bottom line.

Understand variations in the environment

At a high level, your critical business issues include increasing productivity, decreasing operational expense, and meeting or exceeding your Service Level Agreements (SLAs) with your clients. The following challenges surface as a result of significant variation in your environment:

- Operator inefficiencies
- Work cell inefficiencies
- Less-than-desirable or suboptimal machine utilization rates
- Lack of relevant dashboard monitoring and analysis

Common examples of variation include:

- High number of job types and product mixes
- Varying batch sizes
- Large number of raw material stock keeping units (SKUs)
- Differing print and insertion technologies
- An absence of or outdated standard operating procedures
- Varying maintenance strategies

High turnover rates of exempt and non-exempt resources further exacerbate the challenges operators face. How you manage these challenges will ultimately determine your success as a business.

Keeping both the operator and the equipment working efficiently is the key to reducing total cost of ownership (TCO) and increasing return on investment (ROI). Engaging in a vendor-neutral performance and productivity assessment of your Automated Document Factory ensures that your production print mail operations are running optimally across all influencing factors.

Most production print mail environments have an ongoing quest for operational excellence. The concepts discussed and implemented through Pitney Bowes Performance & Productivity offerings serve as groundwork for continuous improvement. For example, Pitney Bowes conducted an enterprise study of each of a large financial institution's production sites. The findings are being used to establish more consistent practices and to better educate key production leaders on the importance of using data to drive measurable results.

Drive relevancy in metrics

Relevant may be defined as "connected with the matter in hand or pertinent." Simply put, far too many senior managers in the production print mail industry miss the target on what to measure and what to monitor. Relevant key performance indicators (KPIs) should be used both to monitor an operation and to drive necessary change.

If companies are currently measuring something used to drive change, then why waste valuable resources monitoring it? The KPIs that are used should be relevant to C-level executives as well as the people who can directly impact the metrics.

Tactical-level leaders and associates must understand how they can impact individual, team, and organizational performance. It is paramount to understand that "fewer and more relevant KPIs" in the area of dashboard development will have a more pronounced impact on production print mail operations.

Gain understanding of utilization and capacity

Beginning at the site level, production management must gain a better understanding of two key areas: utilization and capacity. The questions to ask are: How well are operations managers using their assets, based on the original investment, and how does this compare to the current production schedule? Accurate analysis in the area of utilization management will also reveal efficiency levels during the times that production environment assets are being used (see Figure 1).

The options for increasing your production capacity are to become more efficient with existing assets, to adopt new technologies, or to do both. Utilization and capacity are terms that are linked. Shops with too much capacity typically have low utilization rates, and shops with extremely high utilization rates have little capacity.

Understanding how to strike a balance between utilization and capacity can be a daunting task, especially in an endlessly changing landscape of customer demand and your business. Other impact areas that merit significant attention include:

- Runtime or cycling percent
- Stoppage analytics
- Duration of elapsed time between jobs

What may seem on the surface to be minor improvements in any of the aforementioned areas are likely to increase overall production yields. Also, they may dramatically impact bottom-line financial performance.

Utilization and capacity

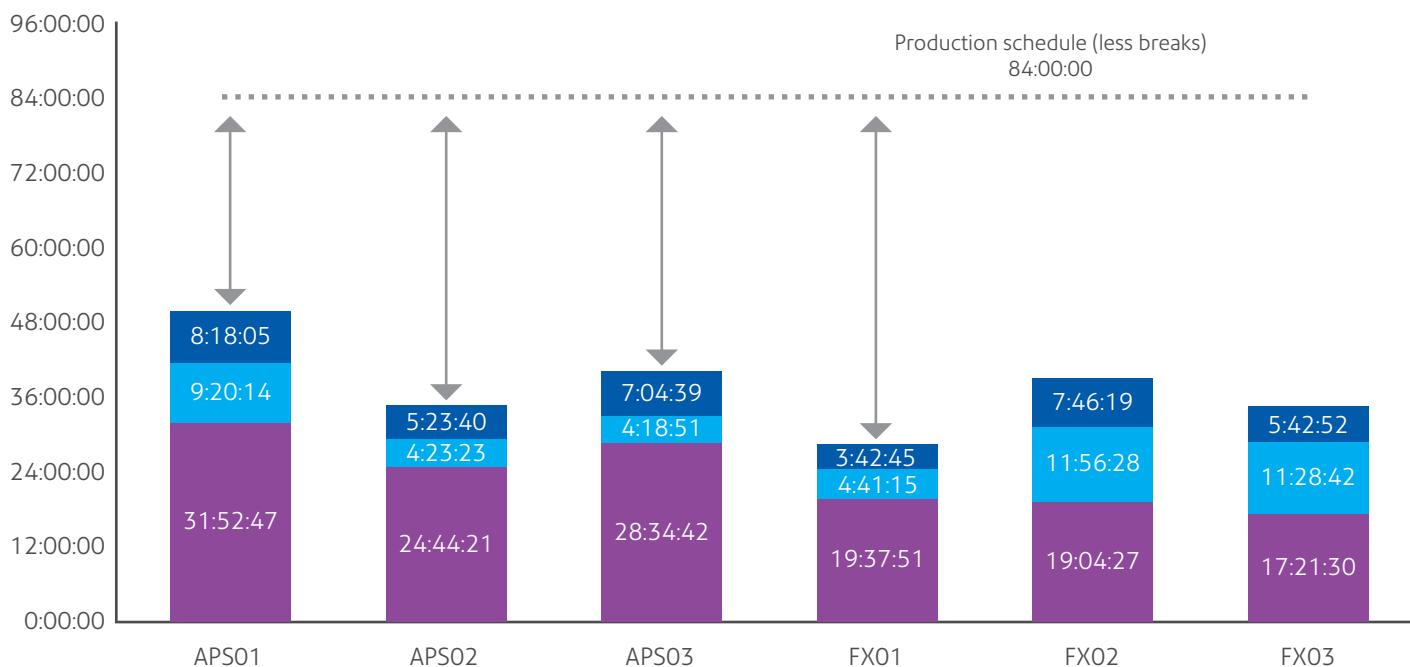


Figure 1. A utilization and capacity study can reveal accurate production data for each machine on your shop floor.

In an environment that combines operators, equipment, customer demands, and other complex factors, it is important that your production operations management implement strategies that:

- Manage production workflow
- Analyze data derived from specific machines and adjust processes to increase production
- Evaluate current productivity and identify improvement opportunities by eliminating non-value-added activities
- Use technology to improve operator efficiencies

Using relevant metrics to drive a more efficient business requires that production operations management engage in the following tasks:

- Define meaningful production goals for monitoring performance
- Develop specific measures to assess and improve daily operations
- Identify and use relevant data to improve production and drive desired behaviors
- Learn and build skills to make data-driven decisions

Most production environment managers and senior leadership want to have a better understanding of how to:

- Run the operation as a profit center versus a cost center
- Present the value of mail operations to executive leadership and clients
- Gain a better understanding of what runtime improvements mean financially

Evaluate and optimize productivity

There is no one silver bullet to productivity optimization. This is what one production mail service bureau discovered. The company wanted to have a better understanding of where the focus needed to be in regards to the production department. The performance and productivity follow-up assessment by Pitney Bowes productivity experts confirmed that the company was on the right track with data capture — but it also demonstrated that management had a long way to go in using that data for continuous operational improvement.

This Pitney Bowes productivity offering opened the eyes of senior leadership at the service bureau to areas within the data that they really never thought to look at and measure to improve performance. They gained a better understanding of what data needed to be captured and how to analyze that data to improve production efficiencies and overall throughput. The Pitney Bowes Client Success Team was able to ensure that this company was on the path to attaining optimum efficiency levels by using real machine-derived data, analysis, and recommendations that could be implemented immediately to affect the bottom line.

In another example, a large financial institution was using the same metrics at each of its production sites, which were struggling to meet their customer's quality expectations and SLA commitments. By spending time with Pitney Bowes, the institution has seen immeasurable value in their facilities' productivity. Tailored, site-specific metrics developed from machine-derived data, interactive meetings, and personalized service enabled the production team to assess improvement opportunities as well as efficiently utilize their equipment and talent to consistently meet and exceed their customers' requirements.

The leadership staff learned the importance of using objective, machine-derived data to drive necessary change and identifying and utilizing a concise, relevant set of KPIs to measure performance. They also realized the importance of ensuring that all sites in their multi-site enterprise employ consistent management methodologies to monitor their operations.

Getting started

Underlying all of these case histories is the need to extract more value from customer and machine-derived data. Predictive analytics, data integration and management are essential.

No matter what type of production environment you run, both operations management and senior leadership need to examine their competencies and metrics in these areas so they can deliver the seamless experiences their customers expect and meet SLAs — all while adding new job applications and new clients. The following self-assessment questions offer a place to start.

- Do you know what your current production capacity and machine utilization rates are, based on your current hardware and job mix?
- Are you familiar with the current runtime rates of all your operators?
- How many hours are your operators logged into the system versus their individual scheduled work hours?
- Do you have a process or methodology for measuring operator and shift performance levels?
- Do the metrics you use today track runtime, operator-initiated and machine-initiated stops?
- Do you know why your machines are stopping and the frequency with which they stop?
- Would specific operator training and scheduling modifications maximize your efficiency level?
- Have you ever wondered whether you are tracking the right metrics to drive desired behaviors so that you might increase your performance and efficiency levels?
- Did you know that by increasing your operators' schedules by two hours weekly, at their current efficiency level you could realize significant increases in your production yields?

Conclusion

In today's complex production environment, managing to the right metrics to drive both desired behaviors and maximum machine utilization is more critical than ever. As your customers' expectations for high-quality products, faster turnaround times, and more customized engagements increase, senior management has to be willing to address these demands or lose ground to competitors who will.

Pitney Bowes is helping senior management of production environments respond by deploying client success service solutions that extract more value from the data they collect. To learn how your organization can flourish in the new age of production mail optimization, visit us online at pitneybowes.com.



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