

# Rosfaniaga's Secret Recipe for Success

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**S**MEs account for 98.5% of business establishments in Malaysia. Despite a large number of SMEs in Malaysia, their contribution to Malaysia's GDP is relatively smaller than other countries. The current economy also caused several difficulties for SMEs.

Based on SME Annual Report, about 78.6% of SMEs reported an increase in operating cost in 2016. Realising a need for a countermeasure to the problem, Malaysian Productivity Corporation (MPC) launched an initiative called Lean PTL-PKS to increase quality and productivity of Malaysian SMEs. This article will entail the success journey of a food manufacturer in Lean.

## Food industry at a glance

The food industry is an ever-changing and evolving industry that revolves around large batches of products, safe for consumption. High variability of product demand and supplies of fresh ingredients as well as the different rate of product expiration made it difficult to maintain productivity and quality over time.

However, this problem can be easily solved through the use of Lean. Lean focused on waste elimination through continuous improvement of the process. It is a common sense approach with a low-cost application that is

applicable to a large or small business. With Lean, businesses can stay ahead of their competitors who did not apply Lean simply for the fact that Lean is not a tool but a culture. Lean recipes cannot simply be purchased, difficult to copy and uniquely different from one business to another.

The food industry can be and should be very receptive to Lean manufacturing principles. The reduction of waste and continuous improvement can be extremely applicable to the food industry's business models. With this realisation, in 2017, the top management of Rosfaniaga Services Sdn Bhd (RSSB) decided to continue their journey on Lean through 2<sup>nd</sup> Phase Lean PTL-PKS programme.

## Rosfaniaga Services Sdn Bhd

Rosfaniaga Services Sdn Bhd (RSSB) was incorporated in 2009 and became an active competitor in the market through its fish-based product in 2012. With its main office in Miri and a branch office in Kuching, RSSB has employed 26 full-time employees to cater to the demand of their clients.

RSSB management has been involved in numerous MPC's programme before taking part in the Lean PTL-PKS programme. Its Managing Director, Mrs Fatimah Abdul Hamid, stated that they were pretty interested in the programme and has zero doubt that it will fail even without prior

knowledge of Lean at that time. After having acquired the basic knowledge of Lean, she was even more convinced that Lean is extremely compatible with RSSB's current business model and goals.

## The beginning

Initially, RSSB was eager to learn how Lean can help in the inventory but later found out a more pressing issue in the operation itself. Even though Lean has been mentioned several times in MPC's programme, it was never explained in depth.

Thus, after having been briefed on Lean, RSSB's management decided to make improvements to one of the processes, 'Lekor'. The process was chosen for two reasons; its high production output and the number of wastes visible after diagnosis.

At first, the company only wanted to find an alternative to the excess from 'Lekor' production such as the fish bones but later discovered other wastes that are more critical and need more attention.

During the Gemba walk findings, several issues were prevalent in the processes. Standard procedure for the process was non-existent and operational control was lacking at several places. This led to inconsistency in the product output and low product quality due to low awareness of its significance. A total of 19 improvements were identified afterwards but only 10 were chosen for the project due to time constraints.

*"Relationship between the different units in the company is closer than before and everyone is moving towards improvement in the company. I am delighted that more new ideas were submitted by workers and they are more adept at problem-solving. Most solutions came from the operators themselves. Before implementing Lean, I have to constantly seek information from my workers. Now, I was overwhelmed by the amount of information submitted to me. I have yet to submit any improvement ideas after Lean implementation since I was bombarded with tons of improvement ideas from my workers after Lean."*

**Fatimah Abdul Hamid, Managing Director, Rosfaniaga Services Sdn Bhd**

## The Initiatives

Four projects were carried out to improve 'Lekor' process and a project was done to modernise the current bookkeeping practice at RSSB. The four projects were standardisation of 'Lekor' process, visual management system, quality improvement and Heijunka.

The first project carried out was standardisation of work process for 'Lekor'. No standard procedure at the 'Lekor' process led to low product quality and high product variant. To solve this issue, work instruction was established detailing the step-by-step processes as well as the weight and appearance of the finished product.

Workers were given awareness of the importance of quality and a merit-demerit system was introduced to motivate workers further. Machines were also bought to ease the rolling and cutting of 'Lekor' dough so the size does not differ from one another.

Prior to the project, fishery products from suppliers were not re-checked for validation. After the implementation, all fishery products need to go through confirmation process for its quality

and quantity. This is to ensure the reliability of ingredients and to ease workers in measuring production output's quality and quantity.

The next project was the implementation of a visual management system at the operation. Visual management system aimed to ease operators in controlling and monitoring production output at a given time. It helps workers to recognise any abnormalities in the operation and create a better communication system between workers and management.

At RSSB, a production board was set up for visual control while Kanban was used for stock control. Both systems were utilised throughout the whole 'Lekor' process, from the collection of raw ingredients to the packaging of finished products.

Besides standardisation and visual management system, Heijunka was also implemented to improve work safety and avoid overburden to workers. Overburden and process 'idling' mostly occurred due to imbalanced in the division of work and Heijunka help solve these problems by keeping each production process at a constant pace.

At RSSB, a systematic work schedule was developed with 8 working hours daily and job rotation was applied so workers can experience other processes. Job rotation reduces the 'boredom' of workers due to constantly following the same job pattern every day.

Weekly job assignment was also given according to the team and weekly production planning was based on the actual market needs reducing the amount of product kept in inventory.

## The Significance

Out of the 19 improvement ideas discovered during Gemba walk findings, 10 have been successfully delivered throughout the 4 months' project. Hundred percent commitment given by RSSB's top management led to successful implementation of the project and the benefits have been reaped fully by all level of personnel in the company.

From the cost-saving aspect, RSSB is estimated to save around RM 122,244 yearly. However, according to its managing director, the most prominent success is not in the tangible but the intangible outcomes from the project. RSSB

has seen an increment in worker's motivation, customer's satisfaction, workforce efficiency and productivity in the overall process.

The different units in the company have established a good relationship among themselves and more new ideas were submitted by the workers. Prior to Lean implementation, management was constantly solving menial issues such as machine breakdown.

Now, workers can handle such issues on their own. Even if there is a large issue that needs management intervention, workers are always the first to voice out their opinion on such issue. RSSB's workers have developed a sense of responsibility and cooperation as well as a deep sense of understanding towards the mission and vision of the company.

In the 'Lekor' process itself, the reduction in lead time and WiP led to increment in daily production output from the previous 240kg to 480kg. Steps taken by operators were also reduced to 165 from the previous 183 steps and machine efficiency was optimised to 80%.

Clear work distribution among workers as well as the weekly rotation schedule led to fewer complaints and constraints since workers are not bound to the strict and boring routine of a production process.

Problems were easily detected and solved and top-down, bottom-up communication has been significantly improved. Besides that, the implementation of Heijunka causes less stock in inventory thus saving space for other product.

### Challenges for the change

Lean is a common sense step-by-step process that can be easily followed and applied in any industry or working condition. However, commitment from the top management is needed for successful implementation.

Lean was not implemented at RSSB without resistance from workers. In the first stage of implementation, workers are not satisfied with the changes that happened and complain the processes were becoming slower.

Consistent encouragement from the top management prompt workers to carry out with the changes that later proved to be beneficial to them. "Once workers were sensitised on the importance and feel the changes that happened, they are reluctant to go back to the old practice before Lean," said Mrs Fatimah.

Other than resistance to changes, Mrs Fatimah stated that to fully utilisation of spaces at the operation also proved to be a challenge. Besides that, the different units in the company have opinions of their own that causes a lot of misunderstanding to happen. But, over time, the problems resolved on its own once everybody was comfortable with the changes.

### The Secret to Success

One thing that stands out in Rosfaniaga's journey in Lean is the implementation of Lean Management System alongside Lean Operation System. Many businesses undertake Lean Operation System only and did not put heavy consideration to Lean Management System.

However, in Lean implementation, both are considered important.

Lean Operation System provides business with the tools and technique to implement Lean and Lean Management System is the glue that binds the tools with attitude to ensure sustainability and efficiency of the system.

In the early journey of Lean, RSSB's management reviewed their vision and mission and established a quality policy that was signed by all staff in the company to show their full support towards productivity and quality. The signed memento reflected the attitude of RSSB's workers in making continuous improvement to achieve business excellence.

The positive attitude of RSSB's workers to the project is actually a reflection of the management's attitude. From the beginning of the journey, Mrs Fatimah gave her full commitment to any improvement initiatives suggested by the consultant.

Never miss getting involved with the project even for a day, Mrs Fatimah rearranged her schedule to fit the project's arrangement and not vice versa. In Lean, management's commitment is very important. If the top management deemed Lean project as a life and death matter for the business then the workers will follow suit and take it seriously.

The top management is also open to changes and has a positive attitude to success. Lean believes in people and their capability to be better. In Lean, the people can change through the improvement of the system. Like any other business, RSSB also faces internal conflict and several misunderstanding between workers and top management.



Nevertheless, Mrs Fatimah believes that there are good in people and trust her workers' ability. She is also passionate about developing the skills of her workers.

Her openness to criticism and complaints from her workers and her willingness to admit her mistake created a sense of intimacy between top management and workers. Communication at RSSB is not a one-sided argument and complaints as well as opinions from workers were taken seriously.

When management listens then workers will also do the same. RSSB also took the initiative to reward workers if they reach or exceed the target set by the company.

Lastly, Lean project at RSSB was also a success due to the flexibility and simplicity of the implementation. RSSB's workers mostly came from low-income family and did not have a high-level of education.

Some could not read nor write. So, the approaches used by RSSB are not complex and can be understood by the workers. For instance, in creating a standard work for the 'Lekor' process, RSSB did not document the steps using words but pictures. One picture shows one process and so on.

Thus, workers can easily follow and adhere to the standardised process. Even the more complex tools in Lean such as VSM was not used by workers.

It could be said that the three secret ingredients in RSSB's Lean project are its full-commitment, positive outlook and simple approaches. Mrs Fatimah, when asked, advised all SMEs to grab the opportunity laid out by MPC.

***“Any SMEs out there, new or established, Lean should be taken with an open-mind before embarking on it because it contained many underlying benefits which can only be seen once everyone in the company committed to the project itself. It is better to be guided if someone wants to guide us than to walk alone on our own.”***