



## **60th Advanced Manufacturing Forum**

*Held November 2-3, 2007 at The Penn Stater Conference Center*

Sponsored by

**The Center for the Management of Technological and Organizational Change**

Gerald I. Susman, Director

Russell Barton, Associate Director

### **Moving From Forecasts to Customer Demand Pull**

Herb Bradshaw

Thomas and Betts

Plant Manager and Lean Enterprise Director

Athens, Tennessee

Herb Bradshaw, the Plant Manager and Lean Enterprise Director for Thomas and Betts Corporation, describes his company's pursuit of lean as a long journey. Thomas and Betts, a 400-employee manufacturing plant, produces electrical conduit boxes, covers and accessories as well as metal framing fillings and extruded wiring duct for large distributors and electrical contractors. Bradshaw touts that his firm is now a much better supplier to its customers and that it is "the supplier of choice" for every item that it manufactures. In addition, Bradshaw claims that Thomas and Betts is not only a better supplier to its customers, but that it is also a better customer to its suppliers.

Becoming the supplier and/or customer of choice is not an easy task. In fact, at times becoming lean seems like an elusive goal, similar to the pot of gold at the end of the rainbow. Although Bradshaw acknowledges the challenges in becoming truly lean, he still believes in lean and leads his company in pursuing its goal of "every part every day". "Every part every day" means that Thomas and Betts no longer relies on demand forecasting. Instead the company's production depends on real-time customer demand; its production has changed from "selling what you make" to "making what you sell". This means that the firm has to develop relationships with its customers and train its employees to remember that customers are people too. Customers have authentic desires for customer service, such as price and quality, which cannot be ignored. Thomas and Betts went from not even knowing the names of its customers to now relying almost directly on customer demand for their production cycles.

However, in order to rely strictly on customer demand a manufacturing firm must *become* lean. Becoming lean included the firm's implementation of some key aspects of the Toyota Production System: creation of a value stream map with current and future states, removal of fixed production quantities, shortened and more frequent changeovers, creation of a material database, use of a production wheel, reduction in the quantity of suppliers and reduction of inventories. One example of its success: Thomas and Betts reduced production loops from twenty-eight to seven days. Although there are key facets of lean that firms need to implement in order to be able to rely directly on customer demand, Bradshaw warns that the path will be different for different firms. For instance, Thomas and Betts began the journey with materials while other firms begin with labor. Whatever the first step, a value stream map is needed in order to find problem areas.

Key Lessons from Thomas and Betts:

- Remove the obstacles that exist between you and your customer, such as sales and marketing personnel,

**Moving From Forecasts to Customer Demand Pull**  
**Thomas and Betts**

---

time, distance, inventory, etc.; removing obstacles enables you to have a direct relationship with your customer and smooth out supply and demand.

- Refrain from only looking within your company when benchmarking. Instead, look outward in order to see your true strengths and weaknesses as a firm in the global market.
- Extend the value stream to suppliers—not only will it help you, but it will also help them and their suppliers, leading to more efficient orders and deliveries, not to mention profitability.
- Remember that price isn't necessarily the most important facet of procurement. Higher quality items, even at a higher price, may prove to be better choices because they cause less inefficiency in the production system.
- Follow The Golden Rule: Treat customers and suppliers the way that you would like to be treated.