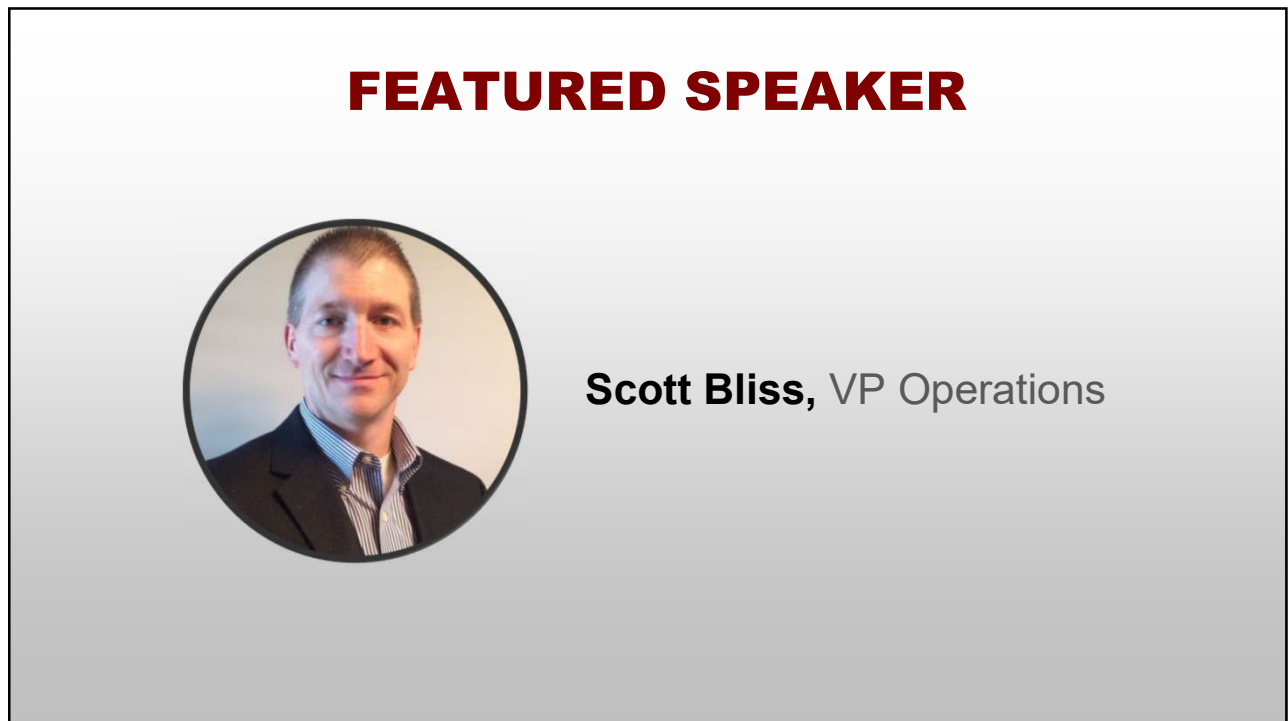




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# My Metrics Journey



Scott Bliss, Innovize  
VP Operations

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## 1997 – Tapemark

- ▶ Background:
  - Tapemark contract converter
  - Breathe Right Nasal Strips
  - Issue – Capacity
- ▶ Role – Production Supervisor



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## My Key Tapemark Metric

### ► Increase Throughput by 25%

- Impact > 50% throughput
- 1M to 1.5M units per shift
  - Power of the Bench!
  - Run through breaks



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## Key Metric Takeaway – Tapemark

Team based metrics driven by business needs help create creativity and purpose (focus).

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## 1999 – Mallinckrodt

### ► Background:

- Mallinckrodt purchased Puritan Bennett
- Combined manufacturing into Plymouth
- Issues of space and service cycle time

### ► Role – Sr. Manufacturing Engineer



Mallinckrodt to Tyco to Covidien to Medtronic (today)

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## My Key Mallinckrodt Metric #1

### ► Decrease service cycle time by > 50%

- Impact – 35 days to < 7 days
  - Flat rate service price no estimate step
  - Space savings in 90% reduction in service WIP



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## My Key Mallinckrodt Metric #2

- ▶ > 4x salary in value to get an annual increase
  - Impact - Changed how I prioritize my activity



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## Key Metric Takeaway – Mallinckrodt

- ▶ Hold myself accountable to adding value based on my role within the organization:
  - Engineer I = 1x
  - Engineer 2 = 2X
  - Sr. Engineer = 4X
  - Director = 5X
  - VP = 7X

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## 2004 – Synovis

### ► Background:

- Built additional inventory to forecast
  - **Incentivized Gross Margin**
    - All of Operations
- Drop in demand



### ► Role – Director of PM



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## 2005 – Synovis

### ► Impact:

- Resulting > 9 months of inventory
- Reduction in direct labor
- Move from Gross Margin to three key metric areas:
  - Delivery, Quality, & Continuous Improvement



### ► Role – Director of Operations



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## Key Metric Takeaway #1 – Synovis

Be aware of incentivized metrics that can be obtained in the short term at the expense of the long term.



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## Key 2011 Synovis Metrics

- ▶ 5% bonus metrics for all Mfg employees
  - Three core metrics creating balance:
    - Quality
    - Continuous Improvement
    - Delivery

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## My Key 2011 Synovis Metric

- ▶ On-Time Shipment > 99% (Delivery)
  - Impact – from 97% to 99.7%
    - 6 weeks sterile WIP
      - 12 Week Lead Time
      - Push with MRP
    - 2 weeks FG's
      - 4 Hour Lead Time
      - Ignore MRP signal
      - Kanban – Pull



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## Key Metric Takeaway #2 – Synovis

Having the entire operations team incentivized on the same metrics in the categories of quality, delivery, and continuous improvement creates balance.

Kirby... Innovize 2021?



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## 2015 – Baxter



### ► Background:

- Baxter Bioscience purchased Synovis in 2012
- Plant moved under Baxter Medical Products in 2015
- Heavy integration of systems and culture

### ► Role – Plant Manager (Site Lead)

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## Key 2015 Baxter Metrics

### ► Three primary core metrics creating balance:

- Quality (Critical Audit Findings – 0)
- Continuous Improvement (VIP/VOP – 3%)
- Delivery (On Time Shipment – 98%)



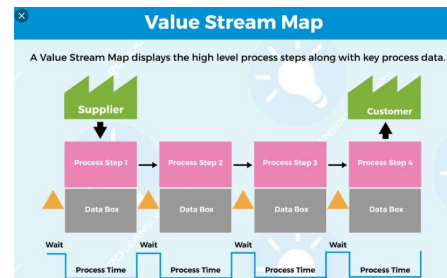
### ► Two secondary metrics:

- Safety (Chemical Exposure – 50% TLV)
- Environment (Hazardous Waste Reduction – 5% annually)

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## My Key 2015 Baxter Metrics

- ▶ VIP/VOP > 3%/yr. (Improvement)
  - VIP = Value Improvement Projects or Cost Savings
  - VOP = Value of Production or Site Budget
    - No R&D or Sales ...
  - World Class VIP/VOP > 5%/yr.
  - Impact – 3% or > \$1M of savings/yr.
    - Value Stream Mapping



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## Key Metric Takeaway – Baxter

- ▶ **VIP/VOP:** the best continuous improvement metric!
  - Can be used to compare how we are doing to best in class manufacturing companies (5%)
  - Spirit of LEAN vs Letter of LEAN
    - Is your LEAN creating value in \$'s?

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## 2018 – Admedus

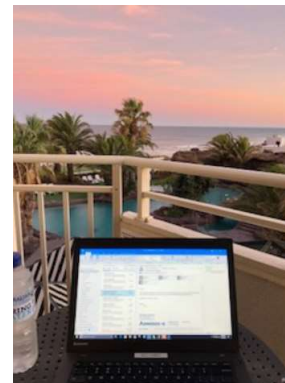
- ▶ Background:
  - Australian Start-up
  - Unique tissue engineering
  - COGs unsustainable
  - Cash critical
- ▶ Role – Chief Technology Operations Officer



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## My Key 2018 Admedus Metric

- ▶ All Operations same bonus metrics
- ▶ VIP/VOP > 5%/yr.
  - Continuous Improvement
  - Impact – > 10%/yr.
  - Reduced COGS by > 50% in two years!
    - Tissue/solution ratio
    - Bovine pericardium supplier
    - Enhanced visual standards for inspection
    - Reduce scrap from FM (foreign material)



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## Key Metric Takeaway – Admedus

Helping the Operations Team understand the business need (**Real Crisis**) and then incentivizing the team based on that business need can create revolutionary improvement.

My Big Ben – Tony Macintyre



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## 2018 – Innovize

### ► Background:

- Contract converter – medical devices
- Amazing culture!
- Revenue ~ \$40M
- Growing > 15% per year
- No growth in profits
  - Net Profit ~ 3%

### ► Role – VP of Operations



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## My Key 2019 Innovize Metric



### ► Net Profit > 3% = Profit Sharing

- Net Profit > 6% = 2X Multiplier
  - VIP/VOP > 3%

### ◦ Impact – Approaching 6% NP

- Customer Focus Teams (CFT)
- CFT & MFG working together
  - Material yield
  - Scrap reduction
  - Robotics +



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## Key Metric Takeaway – Innovize

### ► Profit Sharing

- Single equally incentivized metric
- Applied to 100% of associates
- Unifying focus
- Add continuous improvement driver
- Maintain quality and delivery metric



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## Recommendations

1. Select metrics that align with the strategy and business plan
2. Communicate reason behind metrics to all associates
3. Be aware of metrics that encourage short-term thinking
4. Every manufacturer should have, at a minimum, a quality, delivery, and continuous improvement metric

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## Recommendations

5. Best continuous improvement metric is VIP/VOP
  - Needs to be company (site) wide
6. Profit sharing opportunity equal for 100% of associates
  - Could be used instead of direct labor bonus
7. Keep your own “what value am I adding” metric to prioritize your time and resources

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