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Science of Business Goldratt Implementation Group US

Mike Hayden: MEPoL helps companies improve capacity, grow sales

October 2, 2006 The Shreveport Times

According to best-selling author Eliyahu Goldratt, "The Goal of a manufacturing organization is to make money. And everything we do is a means to achieve The Goal," which "is to increase net profit while simultaneously increasing Return on Investment (ROI) and cash flow."

So how does a manufacturer increase net profit while simultaneously increasing the company's ROI and cash flow? By improving its existing capacity then filling the additional capacity with new sales.

OK, how does the Manufacturing Extension Partnership of Louisiana (MEPoL) help a manufacturer improve capacity and grow sales at the same time?

To improve capacity and grow sales simultaneously, three strategies must be implemented: (1) Theory of Constraint -- treat the root cause, not the symptoms, (2) Throughput Decision Making -- increase sales while decreasing operating expenses and inventory, and (3) Sales Growth -- adding new products and/or new customers.

Cane River Islands Foods is a recent example of how MEPoL is working to help a small manufacturer in Cloutierville in Natchitoches Parish improve its capacity while adding to its customer base. The company is owned by a mother and daughter. And its product, according to Judy Matt, the mother, is the "Best Crawfish Pie on the Bayou."

MEPoL initially received a referral to the company from the Small Business Development Center at Northwestern State University. After meeting with the company and learning of its needs to help improve production and increase sales, MEPoL staff began to pull together the expertise necessary to meet its needs.

The expertise came from within MEPoL and from our partners, which include the University of Louisiana-Lafayette, Coordinating & Development Corp.'s Business Incubator, the Louisiana Labor Department, the U.S. Agriculture Department, the NSU Small Business Development Center and Jig-Saw Advertising & Marketing.

In a collaborative effort, MEPoL and the partners created a logo and package design that accented the "Cajun Certified" crawfish flavor of the pies. Then a Web site was created featuring a "Bayou" theme created during the logo and package design phase.

At the same time, MEPoL staff evaluated Cane River's existing production operations. The evaluation led to a recommendation for the company to implement Lean Manufacturing principles and practices, which could ultimately lead to a 100 percent improvement in capacity. Then, to create new sales to fill the company's new improved capacity, the partners began working on a marketing plan that will allow the company to expand its sales as it increases its capacity.

If you are a manufacturer, I have a question for you. If MEPoL and its partners can help Cane River improve its capacity and sales by 100 percent, will Cane River achieve Goldratt's "The Goal" of increasing net profit, ROI and cash flow? By working with MEPoL and the partners, the possibilities for the company's success are astronomically greater than it would be by the company trying to go it alone.

"The Goal" has no boundaries; it applies to manufacturing or service organizations, small or large, rural or urban, new or established, or local or international. "The Goal" is about creating value for both profit and nonprofit organizations, customers and other stakeholders.

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If you would like to discuss how MEPoL could help your manufacturing company, please call our office at (318) 671-7675. We welcome the opportunity to discuss your needs and tell you about our services, which are designed to make your company more productive and competitive in today's global economy.

Mike Hayden is MEPoL's project director for northern Louisiana. MEPoL is a service funded, in part, by the University of Louisiana at Lafayette and the National Institute of Standards and Technology.