

SUCCESS STORY

Impressive Efficiency Gains at AGCO Subsidiary Massey Ferguson Thanks to Line-back Strategy

Agricultural technology





PRODUCTIVITY IMPROVED AT AGCO PRODUCTION SITES IN EUROPE

Line-back strategy at Massey Ferguson: quick wins create additional motivation!

As part of an initiative to boost efficiency at Massey Ferguson, a French subsidiary of AGCO in Beauvais, Ingenics' line-back principle was selected as a basic approach. One decisive factor for success was to integrate key elements of logistics in the lean transformation project from the outset. Some central logistical functions were set aside for a later round of optimization in favor of quick wins.

About AGCO

AGCO Corporation, based in Duluth (Georgia, USA) brings together famous brands such as Massey Ferguson, Fendt, and Challenger under one roof. The group is one of the world's largest manufacturers of tractors and farm equipment with an overall portfolio that includes combine harvesters, forage harvesters, drills, fertilizer spreaders, and tillage equipment. In the area of sales, AGCO works with around 3,000 distributors in more than 140 countries, representing the most powerful distribution network in the industry. Beauvais is AGCO's largest production site in Europe and the biggest tractor manufacturing plant in France.

www.agco.com

By introducing a wide-ranging efficiency improvement program, AGCO Corporation – the famous global manufacturer of agricultural machinery that owns brands such as Massey Ferguson (MF), Fendt, and Challenger – aimed to enhance the performance of its production sites, especially those in Europe. For Massey Ferguson's factory in Beauvais, north of Paris, home of the largest AGCO production plant in Europe and biggest tractor factory in France, the central pillar of this project was a procedural lean transformation initiative.

Like many other companies, Massey Ferguson had to contend with a drop in demand during the crisis in 2009 and 2010, during which group management laid the foundations of a lean project in production. Ingenics was commissioned to develop and implement the project. An extensive team consisting of AGCO staff and Ingenics consultants worked closely with plant manager Boussad Bouaouli, who had previously served as a manager at Toyota France and was familiar with lean methods.

There were high aims for the project: the overall initiative was intended to increase productivity by 20 percent while reducing space requirements by 25 percent. There was also an ambitious schedule in place for the pilot production line (cabin preparation) and departments involved in the first wave. Objectives had to be achieved in just five months

The most important project results and Ingenics performances:

- › **Productivity increased by 22.1%**
- › **Space savings of 26.7%**
- › **Realization in under five months**
- › **Selection of a pilot department to test planned processes**
- › **Development of a KPI system for transparent target tracking**
- › **Organization of an efficient meeting structure to involve leaders from the factory and production**
- › **Reporting to AGCO management through a monthly steering committee**

because there were already plans to move production lines within the existing factory buildings during the summer break. Initial space savings had to be achieved by implementing a new layout.

AGCO management had decided to launch their initiative in areas that add value – achieving short term “quick wins” always ensures much greater workforce acceptance when it comes to lean projects. They also decided to involve aspects of logistics related to production at an early stage. Failing to integrate these would have made the lean initiative impossible. To start, there was no defined strategy to ensure that achievements were sustained or to establish a future-proof solution. Clearly the project team recognized the need to plan appropriate steps to tackle these issues once the initiative was off the ground.

During the first round of optimization measures, those involved in production-related logistics had the task of identifying sources of additional effort in assembly further up the supply chain using the line-back method. Due to large space requirements and relatively high variance, canopy assembly and cabin preparation were switched to just-in-sequence (JIS) supply during the first phase. An investigation into the efficiency of the JIS system and

improvements on this front by service providers who had moved into the area was pushed back to a later date, as was optimization of the setup. Since assembly had been approached in a number of waves throughout the lean transformation process, a further round of optimization then got under way. This focused mainly on those areas that had received little or no attention previously.

Such an approach or philosophy perfectly exemplifies the “line-back” principle.

In line with this concept, care was taken to ensure that assembly staff were spared the workload of additional tasks in the short term and that people could focus on value-added activities. These activities entailed outsourcing of those actions less associated with value creation. At the same time, the entire range of available measures were deployed to reduce waste quickly while increasing

productivity. Achieving these results meant launching additional lean initiatives, involving departments that interact directly with production, thorough coordination with other ongoing projects, and so on.

Ambitious targets were not only met, but far exceeded at the Massey Ferguson plant in Beauvais. There are also promising approaches in place to ensure long term success.

“Consistent implementation of the line-back principle requires a strategic commitment by the management. At the Massey Ferguson plant in Beauvais, ambitious targets were exceeded in a relatively short time.”

Matthias Frahm,
logistics sub-project leader, Ingenics AG

Efficiency improvement³ – Building sustainable business success



In a nutshell, the core services of Ingenics can be summarized in three words: Planning. Optimization. Qualification. Or, to put it simply, efficiency improvement³. Our main focus is on three central areas of business – factories, logistics, and organization. Ingenics' history in these areas has been sustained for more than 35 years.

Benefit from unique experiences gained over the course of more than 5.100 successful projects. Discover how, considering your goals and objectives, we create space for your sustainable corporate success.

