Surviving and Thriving in Hyper-Competitive Times

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Discussion Topics

➢ Intro to Milliken & Co.

➢ Key Components to Survive and Thrive

➢ Intro to Performance Solutions by Milliken
Milliken & Company Background

- Founded in 1865
- Privately held
- ~$2.5 Billion in revenue
- ~7,500 associates
- 45+ sites in 7 countries
- Operations throughout the Americas, Europe and Asia
Key Markets

Chemical
Performance Materials
Apparel & Specialty Fabrics
Floor Covering

You touch a Milliken product 50x per day
Milliken & Company is....

... there’s a **153 yr-old** American company that has not only survived but thrived in the hyper-competitive global **textile industry** ...

... the company is the **only one in the industry** with sales over $1bn that still maintains its headquarters in the United States ...

... the company never off-shored its production and yet was able to achieve a **16% CAGR in earnings** over the period 2004-2017 ...

... the company is now roughly 50% **more productive** than it was in 2004, but with 20% fewer plants ...

... the company now operates 44 plants globally with **no managers** present during third shift operations ...

... the company has earned 70% of all the JIPM-TPM **prizes awarded** in N America ...

... the company has one of the **best safety** records and most highly engaged workforces of any organization anywhere in the world ...

... the company is one of only a couple included in Ethisphere’s list of the world’s **most ethical** companies all 11 years the survey has been conducted 

... the company holds approximately 2,100 **patents** and has a neutral carbon footprint ...
Milliken & Company’s Reality
Performance vs Domestic Textile Players

Textile companies with > $1B sales:

1995
Milliken
Springs
Burlington
Collins & Aikman
Westpoint Stevens
Fieldcrest Cannon

Today
Milliken

Percent of U.S. consumption that is Imported

U.S. Textile Mill Production

Textiles
All items
How has Milliken survived and thrived?

1. Positioned in the right markets
2. Innovation
3. Operational Excellence

*With Safety as the Foundation*
Life after Awards

We were not “Sustaining the Gains”
The 3 Strategic Levers......Siloed!!

- Leadership
- Associates
- Processes

Impact
Discussion Topics

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Driving sustainable results with a performance system
Key Components to Thriving

- Zero Losses Thinking

- Performance Integrated System: TPM, Lean, Management System, Six Sigmas, Safety, etc.

- Leadership Development

- Change Management

- Incremental blue print: Learn / Lead / Leverage
Key #1

Embrace Zero Loss Thinking

• Strong benevolent discontent
• Stop measuring success internally
• Celebrate the RED as opportunity
What is a ‘Loss’?

Actual Cost

The difference between actual cost & ideal cost

Loss

Ideal Cost

Total real dollars spent to manufacture a product.

Cost Reduction Opportunity

Absolute minimum cost required to manufacture a product. *(theoretical cost)*
Key #2

Associate engagement is structural

Involvement

Structure
Provide the opportunity via teams, projects & deployment

Education
Prepare people to be successful

Measurement
Measure, track and provide feedback

Recognition
Reinforce and recognize behavior

Empowerment

Engagement
Key #3

Model then Replicate

Build stability of equipment and people - through Proof of Concept - before adding complexity and speed
Key #4

Once Established, Expand, and Evolve

Establishment of the system will be evident through associate “pull”

- Expand the system outside of the plant’s 4 walls
- Allow the system to evolve and improve organically
A Performance Evolution: Starting Point

Operational Excellence
- Management driven & turnover weary
- Associate led safety and pillar teams
- Cascaded and aligned metrics

Supply Chain Excellence
- Value-added talent re-allocation
- Lean Flow: information, material & people
- Replicable processes & systems

Business System Excellence
- World-class safety
- 100% problem solvers
- CI redefined

Operational Journey
- Sustained labor & asset productivity gains
- ROIC optimization

Supply Chain Journey
- Footprint network optionality
- Defect reduction, yield/capacity gain

Six Sigma
- Value-added complexity & working capital
- Dashboard KPI visibility

S&OP Excellence
- Value-network orchestration
- Exceptional reliability

Non-Std. processes
- Std. processes aligned to demand
A Performance Evolution: Stabilized

Supply Chain Excellence

- Value-add talent re-allocation
- Cascade and aligned metrics
- Lean Flow: information, material & people
- Replicable processes & systems
- S&OP Excellence

Business System Excellence

- World-class safety
- 100% problem solvers
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- Sustained labor & asset productivity gains
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- Exceptional reliability
- Dashboard KPI visibility
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Operational Excellence

- Sustained labor & asset productivity gains
- ROIC optimization
- Initiative-driven improvement
- Losses prioritized & eliminated
- Defect reduction, yield/capacity gain
- Replicable processes & systems
- Footprint network optionality

Associate Engagement

- Management driven & turnover weary
- Associate led safety and pillar teams
- Cascaded and aligned metrics
- Value-add talent
- Exceptional reliability
- 100% problem solvers
- CI redefined

Non-Std. processes

- Std. processes aligned to demand
- Value-added complexity & working capital
- Dashboard KPI visibility
- S&OP Excellence

Operational Journey

- Phases of Maturity
- Initiative-driven improvement
- Losses prioritized & eliminated
- Defect reduction, yield/capacity gain
- Replicable processes & systems
- Footprint network optionality
- S&OP Excellence
A Performance Evolution: Expanded

Operational Excellence
- Management driven & turnover weary
- Initiative-driven improvement
- Non-Std. processes

Supply Chain Excellence
- Associate led safety and pillar teams
- Losses prioritized & eliminated
- Std. processes aligned to demand

Business System Excellence
- Cascaded and aligned metrics
- Replicable processes & systems
- Value-added complexity & working capital

Associate Engagement
- Value-network orchestration
- Exceptional reliability
- World-class safety
- 100% problem solvers
- CI redefined

Operational Journey
- Defect reduction, yield/capacity gain
- Footprint network optionality
- Sustained labor & asset productivity gains
- ROIC optimization

Supply Chain Journey
- Value-add talent re-allocation
- Dashboard KPI visibility
- S&OP Excellence
# A Performance Evolution: Long-term target

## Operational Excellence
- Management driven & turnover weary
- Associate led safety and pillar teams

## Supply Chain Excellence
- Cascaded and aligned metrics
- Value-add talent re-allocation
- Lean Flow: information, material & people
- Replicable processes & systems
- Defect reduction, yield/capacity gain
- Footprint network optionality
- Dashboard KPI visibility

## Business System Excellence
- World-class safety
- 100% problem solvers
- CI redefined
- Sustained labor & asset productivity gains
- ROIC optimization
- Value-network orchestration
- Exceptional reliability

## Phases of Maturity
- Initiative-driven improvement
- Losses prioritized & eliminated
- Defect reduction, yield/capacity gain
- Replicable processes & systems
- Footprint network optionality
- Dashboard KPI visibility

## Standards
- Non-Std. processes
- Std. processes aligned to demand
- Value-added complexity & working capital
- Dashboard KPI visibility

## Pillars
- Six Sigma
- S&OP Excellence

## Associate Engagement
- Management driven & turnover weary
- Associate led safety and pillar teams

## Operational Journey
- Initiative-driven improvement
- Losses prioritized & eliminated
- Defect reduction, yield/capacity gain
- Replicable processes & systems
- Footprint network optionality

## Supply Chain Journey
- Non-Std. processes
- Std. processes aligned to demand
- Value-added complexity & working capital
- Dashboard KPI visibility
Key #5

Translate system success to financial results quickly and consistently
Milliken Revenue and Earnings Since 2004

**Revenue**
- 2% CAGR
- Revenue data from 2004 to 2017

**Earnings**
- 16% CAGR
- Earnings data from 2004 to 2017
View of a Performance System

Engage

Leadership

Associates

Empower

Impact

A New Way Of Leading

Excellence

Max

System

A New Way Of Working

Enable
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Key Components to Thriving

- Support Companies to develop their Performance System
- Worldwide presence: Regional approach
- Experienced Practitioners
- Internal proved System
- Engagement based on full Associates participation
400 + Operations
27 Countries

Industries
• Food & Beverage
• Glass
• Steel Manufacturing
• Agribusiness
• Packaging
• Paper Manufacturing and Converting
• Construction
• Chemicals
• Non-wovens
• Consumer Packaged Goods