Cherry Republic started with a t-shirt and a love of cherries. Today, 22 years later, Cherry Republic sells over 174 items, all made with cherries, and has three stores, a booming catalog and internet business, and distributors all over the Midwest. Headquartered in Glen Arbor, Mi, Cherry Republic continues to grow, now employing more than 80 people.

The Cherry Republic relationship with MMTC started with a workshop on running effective meetings, incorporating the activity-based learning approach that MMTC has perfected at its Northwestern Michigan College (NMC) office. Following the training, Todd Ciolek, Chief Operating Officer at Cherry Republic, was interested in how the MMTC could help with the company’s growth challenges. Richard Wolin and Darrell Rogers of MMTC conducted an assessment meeting with the executive staff, including Cherry Republic President, Bob Sutherland, VP of Sales and Service, Jason Homa, and Todd. The goal of the meeting was to determine the root cause of the company’s growing pains.

Although Cherry Republic already had a strong culture focused on fun, customer service, and new product development, it was clear the organization was struggling to keep pace with and align resources to achieve growth. The executive team was concerned about the staff having the tools, knowledge, and energy to maintain the pace of innovation they’d come to expect.

MMTC recommended that the company expand its planning capabilities in order to align its growth goals with available resources. The Cherry Republic leadership team participated in a Hoshin Planning/Deployment retreat, which initially resulted in development of planning A3s. Over a year later Todd Ciolek commented that the Hoshin approach initially seemed to muddy the waters, but the end result -- a reorganization of the company into three distinct areas -- in hindsight was a necessary evolution. (see page 2)

Impacts:
- Reduced Inventory
- Increased output by 69.8% in fewer production days
- Reduced defects to almost zero
- Run products in smaller batch sizes
- Improved Communication
- Management Alignment

(Continued on page 2)
Twelve managers also received training in Leadership Skills to give them the skills to communicate goals, give feedback, and listen to input, all aimed at building understanding of, and buy-in to organizational goals.

Within the year, Cherry Republic also began its pursuit of Lean Management with training in Lean Office and Lean Manufacturing. This training helped staff better understand work flow issues and, according to Todd, “Roni Hazelton (Director of Warehouse Operations) and Chris Reid (Materials Manager) ran with it in assembly, resulting in overall lower inventory levels and improved cash flows.” Chris stated, “We’ve increased output by 69.8%, but in four fewer days than before our Lean implementation.”

Roni and Chris give a lot of credit to their involvement in the Northern Michigan Lean Learning Consortium. As Roni puts it, “Being part of the Consortium is awesome!” She talks about getting great ideas from seeing how other companies solve problems even if they’re in different industries. Chris added, “We started using kanban to help in our store replenishment, so it was helpful to see how others used this tool.” Todd credits the kanban system with being able to significantly reduce inventory, resulting in improved cash flow. He is now a big believer in smaller batch sizes: “We used to run batches of one thousand plus during the Holidays and that resulted in several errors. Now we do it in batches of one hundred and failures were reduced to near zero.”

Steadily, the company is changing its ordering, production, and assembly processes as well as its delivery system to Cherry Republic retail stores. President Bob Sutherland said; “We have been investing so much in our own growth, with new stores, production facilities, equipment, computers, etc., that we neglected investing in our staff. MMTC has helped us realize, through our classes, that a terrific return on investment for the company is investing in our staff through training. We will be focusing on improving the skills of our own staff for as long as I am president, and MMTC will be a big part of that training.”

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- Bob Sutherland, President

For more examples of Michigan manufacturers addressing their challenges, please go to our website at www.mmtc.org or call 888-414-6682.