



NESsT MENTORSHIP CASE STUDY

# Timural Group Adopts Lean Production

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Prepared by NESsT Romania | December 2017

# Overview of the Timural and NESsT Partnership

People with disabilities in Mureş County, Romania, are at high risk of social exclusion and unemployment. Local social service agencies struggle to secure enough funding for services that can support this population with training, employment and long-term assistance.

Established in 2003 by the Alpha Transilvania Foundation, an important provider of social services for people with disabilities in the county, Timural Group aims to create jobs for people with disabilities and from rural areas, while redirecting the profit to the Foundation.

Since 2010, alongside their service activities such as cleaning and assembly, Timural started producing educational toys and small wood furniture, under the brand Woodjoy. They produce the products based on orders received from various distributors that sell their products on the Western market. Their products are environmentally friendly and durable, with an excellent price-to-quality ratio.

The unique value proposition of Timural is defined by their desire and ability to personalize the wood products according to the needs of the client and their willingness to work on small and medium product series. If necessary, they can also help the customer with technical advice on the execution of new products, making prototypes and working exactly at the required quality level and fulfilling the agreed delivery terms.

The leadership is comprised of Eva Gyorki, the Director of the Timural Group and Mircea Jiga, the Production Manager. Eva studied Psychology & Special pedagogy and holds a Masters Degree in Human Resource Management. She was the Director of Alpha Transilvania Foundation for 9 years and since 2010 she has dedicated herself exclusively to consolidating and growing the wooden toys brand Woodjoy produced by Timural. Her partners applaud her perseverance, her relentless spirit and amazing negotiating skills that make Timural one of the fastest growing enterprises in the NESsT portfolio. Mircea is an engineer in the wood industry.

Timural joined NESsT's portfolio in 2015 after winning a social enterprise competition. The enterprise soon developed a strong track record based on its potential to scale and its significant social impact.

To date NESsT has invested EUR 10,000 in financial capital in Timural, as well as provided non-financial support in the form of tailored business development consulting, with a focus on building and implementing a sales plan, as well as accessing new distribution chains. Additionally, during the needs assessment process, it became clear that the enterprise needed specialised support to decrease its high production costs and improve margins.

# Needs Assessment

After Timural joined the NESsT portfolio, we performed a thorough analysis of their business model in order to determine their need for support. A key focus was on managing the **waste** produced by the production process as well as **use of time** as they were both topics highlighted by the management team.

## FINANCIAL MODEL

The portfolio manager's assessment of the financial results of Timural found that despite the enterprise's high income of approximately USD 200,000 in 2015, it had a small margin and operating at a loss (USD 26,500). Generally, enterprise losses were higher than the 5-10% usually attributed to technological losses. Timural's production manager was computing the prices of new products based on their variable costs. Fixed costs were not being considered nor were time and material losses. Management did not have experience making these estimations.

## OPERATIONS

Timural grew rapidly from a workshop to a production facility – currently operating in an 800 square meters manufacturing plant – and had not managed to set up systems that would minimize waste and increase productivity.

## INTERNAL COMMUNICATION

The production manager gave most of his instructions to the team verbally, which left room for mistakes. As many products were not compliant with quality standards, they needed to be reworked or adjusted, using significant resources and incurring costs, such as having to pay the overtime of employees.

Following the assessment, the Timural management and the NESsT portfolio manager agreed that in order to minimize losses and increase profitability, the enterprise needed to understand the nature and cause of these losses and take corrective action. The action plan included the following activities:

- standardizing processes
- setting up internal communication systems
- determining the most important production KPIs and measure them

The next step was for NESsT to identify an expert who could support the enterprise in achieving these goals.



## Mentorship Solution

When making the case for pro-bono support to mentors and supporters, NESsT believes it is important to present the passion and drive of the social entrepreneur, his or her faith in the business model and its capacity to succeed, and the potential of the enterprise to achieve great social impact.

### **RECRUITMENT OF THE MENTOR BY NESsT**

NESsT determined the best course of action was to find a Six Sigma expert who could focus on standardization and quality management. It reached out to a former training partner – Essential Training & Consulting and asked to be introduced to Constantin (Costi) Pătășanu – a Lean Six Sigma Black Belt with more than 12 years of experience in the automotive industry, training and consulting. He was invited to lead a one-day pro-bono training on Lean Production Management to two NESsT portfolio enterprises, including Timural.

Costi accepted the challenge with the mind-set of helping the entrepreneurs; his focus was mostly on mentoring the people behind the business with the goal that they would then help the business itself.

The training session uncovered positive dynamics between mentor and mentees: the mentor's enthusiasm and his sound advice met the team's commitment towards learning and growing. It was the team's genuine curiosity and their strong wish to improve which motivated Costi to accept being part of the pro-bono mentoring program.

### **OBJECTIVES SETTING & THE MENTORSHIP STRUCTURE**

The short contact with Lean Production methodology convinced Timural of the benefits they might derive if they started implementing it in their own production facility.

The mentor and the mentees established that the scope of the mentorship was to increase the overall performance of the enterprise and to implement 5S, a Japanese technique to organize and maintain a production space in order to be able to deliver maximum added value in the most efficient way.

The mentorship sessions took place over Skype once or twice a month. Each session had a clear topic to be discussed and ended with the outline of a homework assignment for the entrepreneurs.

The discussions were focused on how to improve the current status of production. For the first time, Timural began to measure production time and to use production norms. This was a particular difficult task as a significant proportion of the enterprise’s production is tailor-made based on client requests.

“We reinvented ourselves and our collaboration from one month to another. There is a lot of flexibility and openness. The fact that I want to continue working with the enterprise is because I am so satisfied by the collaboration and the results.”

- Constantin (Costi) Pătășanu,  
Mentor, NESsT Romania  
Business Advisory Network

Analysis of production activities revealed important human resources needs. Due to a lack of written procedures, staff was greatly dependent on input and feedback from the production manager. Also, there was insufficient staff trained to operate equipment, leaving the enterprise at risk in case of absenteeism, turnover or overload. Hence, the enterprise took steps towards upgrading the skills of their employees using a training plan that allowed the enterprise to match the skills of the staff with the needs of the production processes. Figure 1 (below) is example of a tool the team used to identify the proficiency levels of each staff member for each production phase or machine. The management team used this matrix to ensure an appropriate level of staffing redundancy and to inform individualized training plans.

The enterprise also made significant progress in standardizing and documenting five key production processes. These actions alone helped reduce working time by 25% and cut the waste generated by these activities by 15%.

Figure 1. Staff skills proficiency matrix

Nr. Crt.	Nume Prenume	Post de lucru foarte complex			Post de lucru complex											Post de lucru		
		POST 1	POST 2	CONTROL 100%	POST 3	POST 4	POST 5	POST 6	POST 7	POST 8	POST 9	POST 10	POST 11	POST 12	POST 13		POST 14	
1	A....	●	●	●	●	●	●	●	●	●	●	●	●	●	●		●	
2	B....	●	●	●	●	●	●	●	●	●	●	●	●	●	●		●	
3	C....	◐	●	◐	⊕	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐		◐	
4	D....	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐		◐	
5	E	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐	◐		◐	
6	F	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕		⊕	
7	G	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕		⊕	
8	H	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕		⊕	

## MENTORING TECHNIQUES USED

### Build trust

Costi invested significant effort in building trust with the mentee, as he believed people are more open to listen to people they trust. Demonstrating care toward the mentees and their business and a genuine interest to help, facilitated the learning process. Costi believes people can get information from many sources but they prefer to learn from mentors with real practical experience. They find value in learning about the problems the mentor faced in a similar situation to theirs, and how he solved it. This is what motivates them to take action.

### Actively use the experience and knowledge of the mentees

Highlighting what the mentees already know helped them to build gain confidence in themselves that in turn motivated them to implement the required actions.

### Create a rapport with the mentees

The mentor looked for points that he had in common with the entrepreneur, which represented a basis for the discussion. In the mentor's experience, people tend to pay more attention to people they have something in common with, and not so much to the ones who present themselves as superior or having all the right answers.

Each person has something valuable to share, and the mentor sees the training and mentorship as a relationship where each participant has something to gain; it is not a one-way street.

The mentor encouraged the entrepreneurs to use and share their own experience. Also, he was not afraid to share some of the challenges he faced, so they could observe his openness to new ideas and the fact that learning was a continuous process also for him.

### Use practical examples

Another key component of the mentorship was the use of real-life examples, games and simulations to get people interested in a topic and motivated to learn more. If they see the practical aspects and how these can help them in their work, they become interested in the theory behind them.

### Do pro-bono work

Since there were no financial considerations, the discussions went beyond the typical relationship of service provider and client. They were more genuine and truthful, and the satisfaction for both parties was more honest and real.

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“I would advise anyone to try and volunteer. I believe you are not 100% complete if you do not have the experience of contributing, of helping, of bringing value. I believe the more you give, the more positive energy you receive in return. It is not sufficient to want a change, you must be open to change yourself if you want to improve your life and your career.

I chose to do it and I am grateful to have had such an opportunity!”

- *Constantin (Costi) Pătășanu,*  
*Mentor, NESsT Romania*  
*Business Advisory Network*

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# Main Challenges & Key Success Factors

## CHANGE MANAGEMENT PROCESS

One of the main challenges faced by Timural during implementation of the mentorship was transferring the knowledge gained to the staff and overcoming their resistance to change. Some employees did not welcome the new requirements to monitor their work and contribute to data gathering. These employees resigned, which was a temporary setback for the management team. However, the team that continued understood the purpose of observing and documenting their work and gave their full dedication.

## COMMUNICATION

Not having gone through a mentoring process before, Timural did not know what to expect. The mentor had extensive experience in industry, but not on wood processing specifically, hence they feared that he would not be able to understand the unpredictability of their work. In the mentoring sessions, they had challenges explaining how unstructured their activity was compared to the mentor's expectations. However, the mentor addressed these challenges by dedicating

significant time to learning about Timural and coming up with solutions to overcome their difficulties.

Over time, Timural became grateful for the mentor's support, including the tools he shared and his availability to provide feedback outside their regular meetings. They felt he showed more interest than a paid consultant.

## THE ROLE OF NESsT

The mentor particularly appreciated NESsT's non-invasive approach. From the beginning, he felt a professional approach in the NESsT portfolio manager's detailed minutes and results orientation. Besides being an observer, NESsT was also involved in implementation. The mentor felt he was supported without feeling pressured.

Timural appreciated NESsT's follow up. Timely reminders helped them stay focused on long-term goals and prioritize the lean production management work – contributing to the enterprise's overall success.



# Key Recommendations

## **ENSURE THAT ALL PARTIES HAVE A SOLID MOTIVATION FOR THE PROGRAM**

The motivation of Timural started with the one-day Lean Production Management training, but it stayed current because tangible results appeared after the mentorship started.

The mentor's motivation came from his wish to help, and from the challenge posted by the way the mentorship was structured: how could he implement lean production management over skype, in a location he had never seen?

## **TRUST THE MENTOR**

From NESsT's point of view it was important to be part of the process to have a picture of the evolution, but without intervening too much. Giving the mentor and the social enterprise the space to set their own rules while being close to support both of them when needed proved to be the best way of engaging for NESsT.

## **MONITOR THE ALIGNMENT BETWEEN THE MENTOR AND THE MENTEE**

Entrepreneurs tend to be very practical, result-oriented individuals. Hence very general or very theoretical approaches towards a mentorship program would most probably not bring results.

Since it is difficult to establish if the mentor and the mentees are aligned before the program begins, it is important that an intermediary such as NESsT be present throughout the mentorship process and is able to evaluate the dynamics of the relationship and can provide feedback.

In the case of Timural, it was of great importance that their assigned mentor had a longstanding experience in training. Whenever his messages were not getting across, he went one step back, dividing every action into smaller steps so they could be acted upon by the mentees.

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“One of the things we appreciate the most is Costi's communication style. He is born trainer, he knows how to captivate us, how to encourage us, how to make us understand, by using practical examples from his experience. He charmed us from the beginning.”

- *Eva Gyorki, Director of the Timural Group*

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## **TRACKING IS KEY**

NESsT's role in supporting the process was very important and appreciated by both parties. The entrepreneurs felt more responsible for doing the work required and the mentor benefited from assistance in the follow up process and coordination.



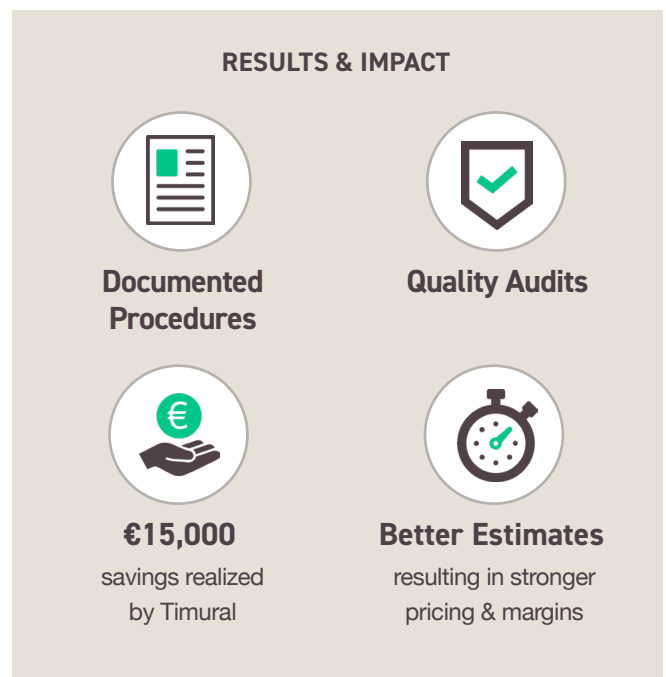


## Conclusion and Next Steps

A mentorship program is a process that requires continuous support and follow-up as well as significant commitment from the participants. This pilot program from Romania is a best-case example due to the high satisfaction of all the parties involved in the program as well as its important results. A clear indication of this is the fact that, despite the initial agreement to conduct a six-month program, the process continued for more than 18 months and there are plans for it to be extended for another 12 months.

This high level of success was unexpected because the entire program was done online – the mentor gave instructions without actually seeing the production facility while the social enterprise did all the work only based on instructions, without someone to actually show them how things should be done.

In the future, besides maintaining the processes already in place, Timural, with the support of NESsT, will evaluate the bottom-line profitability and margin improvement.





## ABOUT NESsT

NESsT has been working for 20 years to provide dignified employment to lift people out of poverty in emerging markets. NESsT achieves its mission by raising philanthropic capital to invest in and develop social enterprises that create employment and viable income opportunities for the poorest communities facing isolation, discrimination, lack of job skills and poor education. To date, NESsT has invited 176 social enterprises to enter its portfolio providing them with an average of four years of support and investing more than USD 14 million in capacity building and direct funding. Through this investment, NESsT has contributed to creating more than 49,000 dignified employment and sustainable income opportunities.