



Supplier Performance Improvement

Lean Operations Implementation

Project Overview

The client was facing performance issues resulting in a 22% increase in past due pieces affecting their shipping performance target and creating a 91% gap from their quality goal. The largest impact on parts for the client was due to a supplier that manufactured their Burn-to-Shape operations for Mining equipment. The relationship between the client and the supplier had become volatile and the client was actively seeking options for an alternative supplier. CGN's first step was to improve the client capability by restoring the supplier performance and improve the client/supplier collaboration. CGN performed time studies, eliminated waste, reduced variation and improved safety throughout the value stream process points in order to get the supplier to a level that exceeded industry standards.

Business Objectives

CGN's objective was to improve supplier shipping performance from 47% to greater than 95%, improve quality PPM from 5628 to less than 500, and reduce past dues from 3367 pieces to zero pieces. This supplier was facing significant business performance issues and had experienced a major loss in a portion of their business. The many factors of this business loss were due to metrics associated with: safety, pretax income, on-time delivery, quality and overall customer satisfaction.

Business Challenges

- Transmission (EDI) of client data was not being accurately interpreted by the supplier internal system which in turn contaminated customer requirements at every exchange
- No standardized work
- Limited quality standards and high level of process variation
- Due to the errors in transmission, work orders were released late and not allowing operations to fulfill orders
- Inventory accuracy issues were causing long lead times
- Resistance to the implementation of lean operations

CGN Global Approach

CGN worked with project teams to implement a value stream transformation as well as demand management strategies to expedite material internally and manage bottlenecks at a tactical level. The Lean-Six Sigma DMAIC process was utilized to transform the fabrication value stream utilizing: process waste elimination, 5s/workplace organization, value stream map analysis & optimization, change management & communication action plans. Sustainment was driven by integrated operational control and governance systems. Within our demand management and recovery strategies, we developed a 2-day finished goods staging/shipping area to provide additional lead time for eliminating customer line down interruptions and providing a mechanism to address the customer's forecast volatility. CGN revamped the quality management system to drive 1st part inspection, improve process capability and

implemented quality gates to drive immediate review, rework and feedback to the area responsible for the non-conformances.

Business Results

- Sustaining greater than 95% SSP Performance
- Sustaining 75% PPM reduction
- Sustaining 0 Past Due Value Stream Product Performance
- Successful deployment of lean operations
- Skill set and tools can be applied to other "pain points"
- Communication points deployed at multiple levels of the organization

Our Expertise

CGN Global Lean Operations Implementation service is a methodology to enable process improvement and business transformation focused on service and administrative processes. It takes Lean practices beyond the shop floor and into the inner workings of the supporting administrative processes. Just as waste limits manufacturing processes, it also creates inefficiencies in administrative processes. We at CGN look at processes in a systematic and strategic light to identify constraints and eliminate the waste. We do not take a "silo" approach to administrative processes, but instead define the integration of these processes and the effect they have on each other, on the manufacturing process, and on the customer. With Lean Operations, organizations are able to minimize employ time spent, human error and unnecessary steps to produce sustainably efficient back-office operations.

CGN has a finely-tuned process for implementing Lean Operations:

1. Define the Business Process to be Improved
2. Define the Constraints and Waste in the System
3. Define the Current State and Create the Future State
4. Implement the Gap Analysis Plan to Achieve Future State Process

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