



Supplier Performance Improvement

Lean Operations Implementation

A fabrication supplier was challenged to grow their business by 15-25% so that they could be slotted for a spot in a 'favored supplier program' of a global manufacturing customer. Historically this fabrication supplier had been responding quickly to the ever changing demands that their customer had been making on their capabilities. The fabrication supplier needed to meet the projected demand of their customer for 2012 that would result in a 15-20% increase of current production. In order to meet these objectives, the fabrication supplier partnered with CGN Global (CGN) to increase shipping performance from 86% to greater than 95% and drive continuous improvement toward the goal of reducing current 9500PPM to less than 500PPM.

Business Objectives

CGN needed to understand the current processes of the client, design a gap analysis, and implement a future state scenario which would facilitate growth. Additionally, identify quick wins in the areas of eliminating waste, improving metrics and keeping communications open with the workforce.

Business Challenges

- Data was not readily available
- Small union workforce created environment that was resistant to change
- Lack of ownership and accountability
- No previous work experience with consultants
- New product and part qualifications
- No standardized processes
- Supplier was simultaneously aligning themselves to achieve an ISO9001:2008 certification

CGN Global Approach

CGN began to assess the current state by walking the facilities to understand multiple processes and create a platform for standardized work. By conducting weekly employee meetings, CGN was able to keep the flow of communication open and help employees understand and accept changes. CGN conducted small opportunistic training sessions with employees about new processes creating a level of trust with the consultant and workforce

CGN followed a Lean Operations Implementation methodology and deployed several lean tools that involved Value Stream Mapping, Capacity and constraint analysis, demand segmentation, Part Quantity/Parts Routing matrix, Single Minute Exchange of Dies (SMED), Visual Factory Management/5S and area layout improvements to optimize safety, improve throughput and material flow. Furthermore, integrated consumption-replenishment, vendor managed inventory and FIFO material systems balance work flow, properly sized work-in-process buffers and encouraged point-of-use

material locations to drive shipping performance, reduce past dues, and met shipping schedules.

Quality system improvements were made through process FMEA's, variation reduction through process capability analysis, and standard work procedures for every job function. CGN devoted a significant amount of time to supervision, employee engagement, train the trainer, tactical planning and real time process feedback which drove accountability. On floor presence in a small facility was also critical in raising the sense of urgency, quality of workmanship and employee empowerment.

Business Results

- Defined tools and action plan to drive key activities for growth, improvement in SSP, reducing PPM in a 100 day plan
- Increased Shipping Performance (SSP) from 86% to greater than 95% SSP and sustained performance level for over 6 months
- Reduced Parts Per Million (PPM) from 9500 PPM to less than 500 PPM
- Standardized processes throughout the facilities with VFM, 5S, Point of Use.
- Reduced Past Dues (PD) from 26 to 0
- Reduced change over time by more than 11,400 seconds
- Implementation of 5S, VFM and Point of Use
- Facility driven by visual management, signals and critical metrics

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 human error and unnecessary steps to produce efficient 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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