

Poor Operating Performance

Problem: An operation that manufactured Bar-B-Que grills was experiencing poor customer service levels and high call rates on quality issues. Big box retailers were threatening to stop buying product unless problem was solved.

Job: Assess issues with production and quality. Identify solutions and implementation programs.

Situation: Business was in the middle of their busy season where staffing had ramped up 5 fold in a short period of time. Lines were running at less than 45% uptime and service levels were in the upper 40% range.

Analysis: Analysis indicated that supply chain wasn't capable of providing components at a high rate of change and that the management team didn't have the programs and systems in place to provide production flexibility. Serious issues were found with the implementation of the ERP system to support a high volume continuous flow operation.

Short Term Solution: Initial short term steps were taken to improve material flow and availability. Actions taken were to reschedule factory and suppliers to make-to-build. Identified 4 bottlenecks in the operation that were fixed, increasing capacity 22% per day.

Long Term Solution: Put together a team of people and focused them on developing a series of solutions. Team had 7 months to define and implement targeted solutions before the next busy season. Major issues identified and addressed:

1. Product packaging was insufficient for safe shipping and part count. Implemented Poke a yoke and visual packaging methods to eliminate shipping damage and missing parts
2. Relayed out the plant to support continuous flow pick & pack operations
3. Relunched JD Edwards ERP system to support continuous flow
4. Retrained 350 people on the new operation strategy and approach

Payback: The solution had the following direct cost savings:

1. Plant production increased from 7,500 Grills/day to 22,000 Grills/day
2. 60+ products were redesigned and implemented with an average 12% cost reduction per unit
3. Employee productivity tripled
4. Incident rates per hundred grills were reduced 85%
5. P&L saw a \$30 million swing year over year