



Supplier Performance Improvement

Lean Operations Implementation

Project Overview

A client was having issues with past dues over 699 pieces, supplier shipping performance at a 25% completion rate and PPM was 1,651 at an enterprise level. The largest impact on parts for the client was coming from a major supplier that manufactured product assemblies for large wheel loaders. CGN was tasked with reducing PPM, past dues and improving shipping performance by using proven lean manufacturing methods. CGN implemented standardized tools and processes within the targeted value streams. The strategies used catapulted the performance metrics of the supplier to acceptable standards within 30 days of the start of the project.

Business Objectives

CGN objectives were to improve SSP from 25% to greater than 95%, improve Quality PPM from 1651 to less than 500, reduce Past Due from 699 pieces to zero, and create a competitive, profitable supplier regardless of volume and market volatility.

Business Challenges

- Major disconnect in process steps
- No constant flow of materials
- Capacity issues
- No standard work processes
- High level of process variation
- Excessive internal lead times
- Forecasted demand dropped 75% for the targeted product lines

CGN Global Approach

CGN followed the Lean Operations Implementation methodology and deployed DMAIC tools that involved Value Stream Mapping, capacity and constraint analysis, 5S and area layout improvements to optimize safety and material flow. We also integrated consumption-replenishment and FIFO material systems that balanced work flow, properly sized work-in-process buffers and encouraged point-of-use material locations. Significant 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 management supervision, tactical planning and real time process feedback. Organizational-wide communication was also critical in raising the sense of urgency, quality of workmanship and personal accountability required to achieve and sustain performance.

Business Results

- Increased SSP Performance to greater than 95%
- Reduced defective parts to zero
- Reduced past due pieces to zero
- Benefits are applicable to additional suppliers

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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