



## Supplier Performance Improvement

### Strategic Improvement Planning

#### Project Overview

A supplier had recently completed a value stream transformation, led by the CGN Global team in which past due backlog was eliminated and shipping performance improved to greater than 95%. In order to sustain this performance level, a supplier Sales & Operations Planning process was established. There was a need for additional capacity planning models to support data driven decisions and enable the supplier to take proactive measures to match production to demand.

#### Business Objectives

CGN needed to work together with the supplier to maintain their delivery performance through production troughs and into eventual ramp up. In order to do so, CGN needed to understand supplier capacity constraints and mitigate potential impact to customer sites. The goal was to balance the short term and long term resources needed to meet demand for multiple customer sites.

#### Business Challenges

- Supplier uncertainty for planning due to high variation in EDI (customer order signal)
- Production was planned on short term basis (3 months)
- Lack of information that enabled the supplier to forecast the amount of machine parts that were needed to meet customer demand for machines beyond 3 months

#### CGN Global Approach

CGN established a monthly S&OP process to evaluate supply versus demand and develop proactive plans to address the gaps. These plans were reviewed by the supplier and customer each month to encourage collaboration. CGN conducted a new capacity analysis to identify potential constraints, then collaborated with the supplier and customer to build a capacity model. This capacity model evaluated supply versus demand based on a 24 month forecast. In coordination with both the supplier and the customer, CGN was able to provide a process for monthly updates of the 24 month forecast and measures of demand variation.

#### Business Results

- Sustained shipping performance greater than 95% (6 months and counting)
- Adjusted supplier production plan that efficiently meets forecasted demand
- Based on insights into future demand, supplier took action to protect future capacity by retaining skilled workers
- Ongoing process provides monthly reviews for the supplier to consolidate demand, consider the variability of demand and adjust supply plan accordingly for their customers
- Monthly meeting with customer increases collaboration, communication and information flow

#### Our Expertise

Supplier Strategic Improvement Planning – Details the supplier's core competencies, business and financial health, customer alignment and business vision. Defines the organizations' strategy/direction and is the roadmap for strategic decisions, allocation of resources and execution of business planning.

At CGN Global, we release value locked in the current relationship of client with critical suppliers by improving alignment to strategy, eliminating supply chain waste, reducing total cost of ownership, better managing capacity through business cycles and increasing product development collaboration. In order to prepare a business world with rapidly changing markets and customer demands, strategically rethinking manufacturing and supply chain strategies has become standard practice in order for firms to succeed. As one of our main areas of expertise, we use a disciplined process to create a balanced win-win relationship that increases supplier motivation and innovation.

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