



Supplier Performance Improvement

Supplier Strategic Improvement Planning

Project Overview

A major manufacturer was looking to expand its global supplier base in China and had found a supplier that they were interested in partnering with. The challenge for the supplier in China was that they needed to first meet the 2012-2015 forecast of demand for the customer. There were also some issues with manufacturing quality that needed to be improved upon before the supplier could begin production of the major manufacturer parts on their site. The manufacturer decided to collaborate with CGN to improve the supplier's capacity and provide additional expertise and vision on achieving the initiatives in China.

Business Objectives

CGN's objective was to eliminate constraints and bottlenecks within the supplier and get them operationally ready to meet the 2012-2015 capacity requirements of the manufacturer's customer base. While implementing a lot tracking mechanism system, CGN helped the client improve their bottom line saving \$200k in 8 months in addition to improving PPM, shipping performance and past dues.

Business Challenges

- Non-compliant ergonomic and safety standards
- High inventory levels
- Poor layout of materials and unsystematic workflow
- Current forging process was not capable of meeting manufacturer quality standards
- Lack of overall organization alignment and communication
- Lean deployment not integrated into production system
- Capacity Planning and scheduling was inaccurate

CGN Global's Approach

The CGN team used the Supplier Strategic Improvement Planning methodology to assist the supplier in creating burden charts that analyzed and identified bottlenecks and constraints and balanced the part quantity, process route and product line. Applying this methodology led to the establishment of a sustaining structured plan to meet the manufacturer's forecasted demand. After analyzing the technical capabilities of the forging processes with the supplier's team, CGN was able to redesign and streamline processes to produce higher quality products to meet the manufacturer's specifications. Through machining process

optimization CGN was able to design and implement a pull system to reduce cycle time. CGN helped the supplier establish a mechanism for feedback from the major manufacturer by providing a SMED solution for quick change over. We also coached the supplier to establish a real time performance data collection method that was represented by 'hour by hour' visual control boards located in the processes.

Business Results

- Redesigned the forging value stream process
- Lean based production system improvements led to a 33% reduction of WIP and production cycle time.
- Successfully completed 117 safety, 5S and ergonomics related action items
- Implemented rapid improvement workshops that resulted in supplier savings of 200k
- Built new processing line and implemented operational improvements to exceed the capacity requirements for the client

Our Expertise

CGN Global Supplier Performance Improvement practice is a data driven and customer focused approach to improving supplier performance levels. It uses breakthrough approaches and methods to consistently deliver superior results with an outstanding client experience. All manufacturers are suppliers in some sense, and they all must meet the needs of their customers with maximum efficiency to be an effective, profitable organization. CGN has broad experience working both sides of the OEM/supplier coin, giving us the knowledge and expertise to optimize supplier performance and collaboration to best serve the OEM and vice-versa. With our broad Supplier Performance Improvement knowledge, we work as problem solvers using our expertise to yield operational excellence and achieving the ever-reaching sustainable competitive advantage.

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