



## Supplier Performance Improvement

### Production & Operations Improvement (PPM Reduction)

#### Project Overview

A major manufacturing company had a vision of developing themselves internally as well as developing their suppliers. The manufacturing company had designed a program around suppliers to help build the capabilities of their supply base. This program was implemented using a Value Stream Transformation, where the manufacturer and the supplier formed a joint team in order to address major constraints and deliver measurable results. The manufacturer briefed CGN on the program and desired outcomes in order to implement the program at the supplier. CGN was able to surpass the desired business results within the supplier as well as successfully implement the strategic initiatives.

#### Business Objectives

The CGN objective was to improve the current production system by identifying issues and implementing effective processes. The major focus was directed towards reducing external PPM of critical parts by 40%, reducing the cutting process PPM by 30%, and reducing the drilling process PPM by 30%.

#### Business Challenges

- Resistance to cultural change across functional areas
- Lack of accurate PPM data to measure current state
- Supplier does not practice or value cross functional collaboration
- Resistance to the implementation of VST
- Minimal exposure to Quality Management System within the supplier
- Sustainment of process improvements

#### CGN Global Approach

CGN assessed the current state of the production system within the supplier and then the CGN team determined a project plan to implement a future state. All of the defects had to be analyzed to narrow down the respective process that was producing high defects. Containment had been implemented in the areas where the defects were high which would in turn, reduce the defects being carried forward. Based on the results from containment, CGN conducted a detailed analysis that determined the root causes for which the appropriate solutions were implemented to eliminate the defects. These solutions were designed around having a short implementation time while delivering superior results.

#### Business Results

- External PPM of critical part numbers reduced by 50%
- Internal PPM of drilling process reduced by 60%
- Internal PPM of cutting process reduced by 30%
- Internal rejection at Pre Delivery Inspection reduced by 80%
- Implementation of In-Process Validation and Build in Station
- Created standard work for critical parts
- Initiated quality assurance process
- Integrated quality and production functions to sustain improvements

#### Our Expertise

CGN Global Production & Operations Improvement service is focused on current process optimization through improvement without substantial capital investment. Maximum customer value doesn't start with the output, it starts with the inputs and the processes those inputs go through in order to create an end product. Processes and operations usually include waste (time, space, material, etc.), manual tasks subject to human error, bottlenecks, unnecessary steps and other inefficiencies. Fixing these issues is the first step toward creating competitively advantageous customer satisfaction while meeting goals and objectives of the organization. These goals may include increasing profits and performance, reducing costs and meeting production schedules.

Through our experience and subject matter expertise, CGN has identified the following key steps to strategically transform production and operations:

1. **Voice of Process Gap Analysis**
2. **Create Process Optimization Plan**
3. **Implement Improvements**
4. **Process Validation**

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