



Improving Supply Chain Performance at an Aerospace Company

Our client, a custom sensors and technologies aerospace company, engaged Tefen to improve its current supply chain performance after customers threatened to pull orders if immediate improvement didn't occur.

Challenge

The company was facing several issues including: customer delivery around 70%, inventory costs of \$17M, over time of 20%, a conversion to JDE MRP system increased transaction complexities and uncertainty, receiving inspection lead time at 22 days, and kitting process is behind shop floor demand by a factor of 10. Overall visibility of the problem is currently driven by crisis management.

Tefen was engaged to improve the client's flow of materials to the manufacturing floor in 9 weeks. The project included updating a new MRP system with accurate lead time and PO data, gaining clear visibility of PO and WO status, expediting parts delivery to fill shortages, reduce inspection backlog, and speed up the flow of parts through receiving inspection, stock room, and kitting to support shop floor demand.

How Tefen Helped

Tefen structured a project plan in four specific areas – receiving inspection, purchasing/planning, and the stock room / kitting. Critical to success was development recovery plans that would provide departments with the ability to catch-up and keep-up.

Direct intervention in crisis management dictated that Tefen use a simple format with a weekly focus on Findings, Action Required, Anticipated Benefits, Risks, and Resources. A weekly review of project occurred each Thursday afternoon.

Work plans were detailed weekly, and monitored and executed daily as a team. Users were involved in problem identification, solution development, and implementation at an accelerated pace. Project strategy also required users to be involved in the daily performance reporting and management to effect recovery.

Activities included:

- Implemented 5S to improve work place organization and increase visibility of hidden materials flow problems
 - Implemented department run boards in each area to facilitate hourly and daily performance to target, real-time identification of problems for corrective and preventative action, and plotting measures to demonstrate recovery per plan
 - Established low-risk dock-to-stock system to minimize the inspection load on Receiving Inspection
 - Developed a simplified inspection scheme and reduced inspection rates
 - Eliminated a majority of the daily distractions interfering with people's ability to focus on their work responsibilities
 - Resolved MRP item master lead times to correct planning errors
 - Developed daily rate recovery plans by area, to eliminate backlogs and return system to routine operating conditions
 - Identified the top 30 suppliers that provide 85% of the parts. Twelve suppliers were interviewed to determine root cause of late deliveries, pareto problem types, and identify potential for supplier involvement and future agreements
 - Developed simple roll-up metrics for management dashboard
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Performance Excellence Delivered

<u>Area</u>	<u>Initial</u>	<u>05-07-08</u>	<u>Action Taken</u>
<ul style="list-style-type: none"> ■ Receiving Inspection <ul style="list-style-type: none"> • Lead Time (days) 22 2 to 3 • Dock to Stock (JDE) 0 1,088 			<ul style="list-style-type: none"> ■ SS, Daily Run Board ■ Low Risk Inspection Scheme ■ Shortages Direct to Shop Floor
<ul style="list-style-type: none"> ■ Stock Room <ul style="list-style-type: none"> • GM Kits per hour 4-6 6-8+ 			<ul style="list-style-type: none"> ■ Standardized Methods ■ Daily Run Board / 2 Hour Blocks ■ Cross-train Bottlenecks ■ Organize Overstock / Parts On-hand
<ul style="list-style-type: none"> ■ Material Supply <ul style="list-style-type: none"> • PO Message Backlog *4,500 300 • WO Message Backlog 2,150 247 			<ul style="list-style-type: none"> ■ PO / WO Backlog Recovery ■ Daily Run Board ■ Item Master Lead Time Update ■ Data3 Open POs to JDE Clean-up ■ Supplier Status Audit / Strategy ■ Shortage Reduction
<ul style="list-style-type: none"> ■ Governance System 			<ul style="list-style-type: none"> ■ Crisis Management Support ■ Management Dashboard ■ Daily Metrics / Run Meetings

About Tefen

Tefen is an international management consulting firm, committed to improving overall operational effectiveness for Fortune 500 companies around the world. The firm's main areas of focus include operations excellence, manufacturing, quality, customer service, research and development and supply chain management. With its "hands-on" approach philosophy, the company has achieved tremendous success in delivering quantifiable and value-driven results for its clients in a variety of industries, including healthcare, life sciences, general manufacturing, high-tech and financial services. All of Tefen's support programs are ISO 9001 certified. Tefen currently employs over 300 professionals worldwide.

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