

The Challenge: Increase Capacity & Productivity by Reducing Inventory & Waste

The Client:

Kaufman Global and a global supplier of integrated automotive systems began a Lean Manufacturing Implementation project at one of the organization's commercial vehicle systems' plants in Europe. Kaufman began by conducting a thorough analysis of the operation and identified three main areas of opportunity: 1) improvements in capacity and throughput, 2) increases of indirect and support productivity, and 3) inventory reduction.

Specifically, the joint team's objectives were to:

- Increase capacity by 30%
- Improve direct labor productivity by 20 – 25%
- Improve productivity of indirect & support personnel by 10 – 20%
- Increase inventory turns from 6.0 to 9.0

The Approach:

Initially the team established project governance structures including a "Steering Committee" to lead and review the implementation on a weekly basis. Members of this committee served as "Champions" of one or several work streams within the project, including: front-end process improvement, throughput improvement, scheduling & logistics, maintenance, machining, etc.

Each team received training on lean techniques (SMED, 5S, TPM, kanban, value stream mapping, Kaizen events, etc.) as well as Kaufman Global methods for continuous improvement, such as the 20 Keys® and the Lean Daily Management System® (LDMS®). The LDMS was implemented among work groups in both factory cells and offices. Site leadership received coaching on how to foster the cultural change required for a successful

Lean implementation and how to maintain the discipline needed to sustain results.

The Result:

The lean techniques improved machine utilization and maintenance, improved first time quality, reduced set-up times, eliminated non-value-added activities (such as expediting and use of multiple systems), and reduced lot sizes.

In the end, the lean implementation project **freed up 20,000+ square feet of floor space and enabled the plant to achieve its Annual Operating Plan (AOP) for the fiscal year** – the plant's first achievement of this kind in several years. Improvements resulted in the following savings above the AOP:

	Savings thru Dec (in euros)	Projected thru next fiscal year (in euros)
Inventory Turn Improvement	80,000	340,000
Direct Labor Reduction	475,000	1,050,000
Burden Reduction	24,000	60,000
Indirect Labor Reduction	152,000	612,000
	€731,000	€2,062,000

Critical to Success:

Executive leadership support was critical to create an environment for lean implementation success. Team member language skills and joint team participation bridged the cultural gap. Governance structures kept the organization focused on project objectives and results. Kaufman Global's methods and technologies accelerated the organization's Lean journey.

"At first I didn't understand why we had to do the (daily management) piece of this, but now I get it. It's fundamental to continuous improvement."