PROBLEM SOLVING: Reduction of Service Part Numbers with RFIC's

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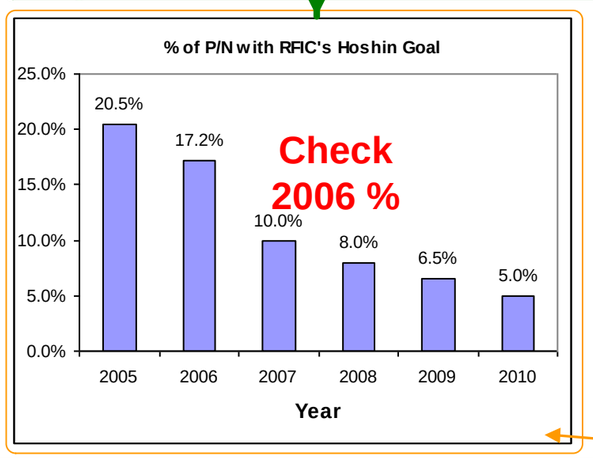
STEP 1: Clarify the Problem: Where are we now and where do we want to go?

I. **Background:** RFIC is a form submitted by the supplier to Toyota to request an investigation or change of a part number.

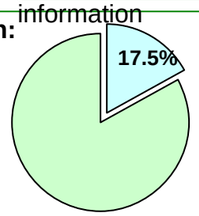
II. **Ultimate Goal:** Reduce volume of part numbers with open RFIC's each year to reach the departmental Hoshin of 5% by 2010 while decreasing non-value added time spent by Specialist investigating and solving RFIC's.



GAP 12.5%

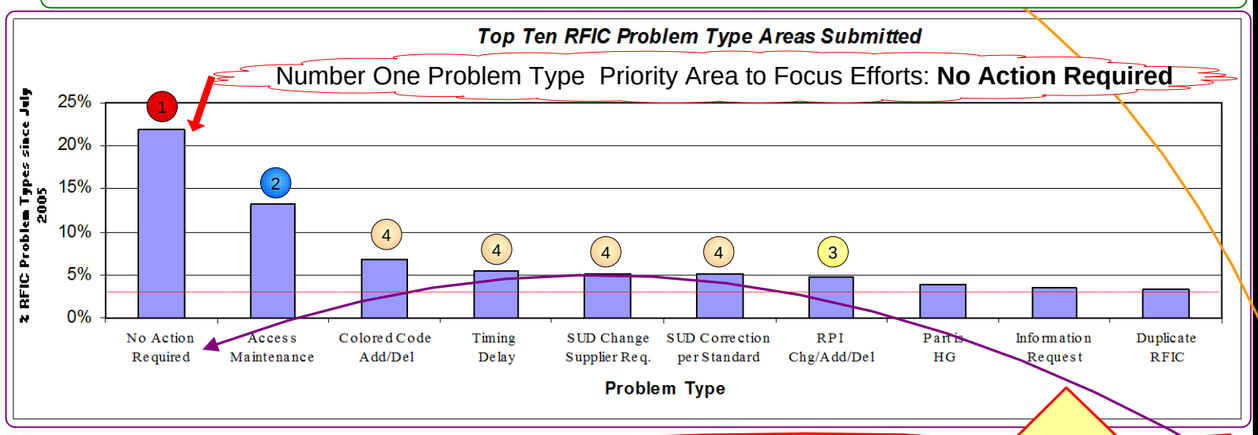
Impact:
i) **Toyota:** Inefficient use of SPE Specialist's time
ii) **Customer:** Decreased customer satisfaction caused by long lead time and perceived inaccurate information

Current Situation: 17.5% of part numbers have an RFIC associated with them.



STEP 2: Break Down the Problem: What is causing the problem and where should I focus my efforts?

I. **Perato Analysis:** Determine RFIC problem types with the highest percentage of occurrence and focus reduction effects on selected problem types to give Toyota the "Biggest Bang for their Buck"



II. **RFIC Process Flow:**

Supplier believes there is a problem with a P/N or NPC ✓ → Supplier Submits RFIC to SPE → SPE Researches Suppliers RFIC → SPE Responds "No Action Required" to Supplier's RFIC

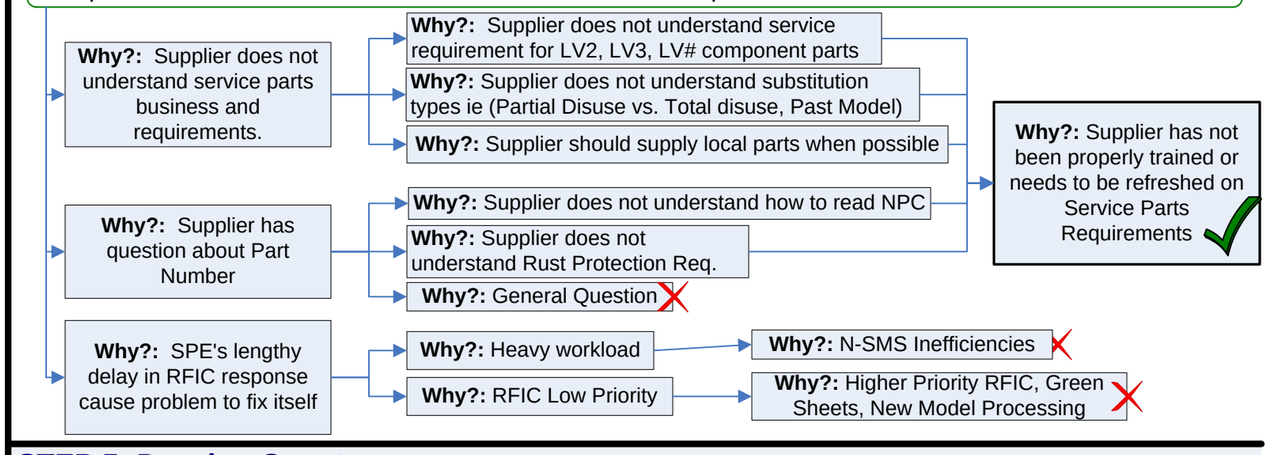
Point of Cause: Supplier request result in "No Action Req" by Toyota although SPE still spent time researching request

STEP 3: Target Setting: What is a challenging yet realistic goal to reduce "No Action Required" RFIC's?

Reduce the volume of "No Action Required" RFIC by 86% (or 3% of Total RFIC Types) in six months

STEP 4: Root Cause Analysis: What is causing the "No Action Required" RFIC's and how do we reduce and/or eliminate them?

Problem: The high volume of "No Action Required" RFIC's increases overall resolution time and decrease SPE performance in RFIC Resolution. Review "No Action required RFIC's and determine Root Cause.



STEP 5: Develop Countermeasure: What could we do to reduce and eliminate this problem?

	Countermeasure Options	Cost to Toyota	Specialist Time Requirement	Ease of Implementation	Supplier Performance	
1)	Do nothing, ask Specialist to work more RFIC's	Med	High	High	Low	✗
2)	One-on-one phone conference with problem suppliers (based on highest percentage of "No Action Requirements" RFIC submitted) to refresh them on Service Parts Business & Requirements	Low	Med	Med	Med-High	✓
3)	Invite Problem Suppliers in conjunction with PBM Operations Events such as "New Model Launch Supplier Training" or "Cross Check" Activity.	Med	Med	Med	Med-High	✓
4)	Bring problem suppliers on-site for PBM Service Part specific training	High	High	Low	Med-High	✗

STEP 6: Implement Countermeasure: How will I see counter measure though towards my goal?

I. **One-on-One Phone Conference** (Monthly):
i) Developed a Query to run every month showing Suppliers with "No-Action Req." RFIC's.
ii) Select "Problem Suppliers" each month to refresh, train, and resolve service parts issues.

II. **On-site Training** (180L Cross Check 2006/10):
i) Coordinate supplier specific training/break out sessions in conjunction with Parts Operation Group's supplier training and Cross Check.

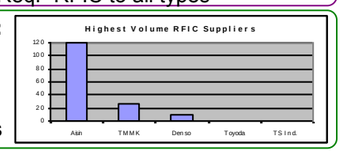
III. **Review & refresh supplier on following items:**
i) Reading NPC Forms
ii) What constitutes on RFIC?
a. RFIC Process Flow & Time Line
iii) The Serviceability Rules:
a. Component Parts
b. Routing: Local or Overseas parts?
c. TD, PD, and Past Model differences?
d. Rust Protection Requirements
iv.) Service Exclusive Parts & Set/Kit Parts

STEP 7: Monitor Results

I. **Overall RFIC Reduction:** Monitor the overall reduction of Part Number volume with RFIC's

II. **"No Action Req." RFIC Reduction:** Monitor percentage reduction of "No Action Req." RFIC to all types

III. **Supplier Performance:** Monitor Supplier performance in terms of volume of submitted "No Action Req." RFIC's



STEP 8: Results and Standardization

I. **Standardization:**
i) Suppliers will be monitor on Number of "No Action Required" RFIC submitted from July to December.
ii) Additional "No Action Req." fields will be added to RFIC Form (i.e. Serviceability, Substitutions, GAG, RP, General)

II. **Results:** Result will be captured for 6 month period from July to December and reported to SPE on a monthly basis. Milestone events will be reported to TMS and TEMA Management as needed.