Financial performance turn-around

Streamline Manufacturing Enterprises

Navigate growth, maximize profits

Case Study – Advanced Energy/Aerospace/Automotive Manufacturing - $35 MM Annual Sales

Company profile:

Annual Sales Revenue: $35MM
Market: Advanced Energy / Aerospace / Automotive
Key Manufacturing Processes: Injection Molding / Insert molding / Assembly/ Testing / Manual Assembly / Electronic module testing

Challenge

P&L losses were being mainly driven by operational underperformance as sales revenue were increasing and new products and customers were being introduced.   Main operational and financial challenges were:

- Molding operation was generating $250K monthly losses due to under absorption
- High level of scrap
- COPQ (Cost of Poor Quality) at project start was $1.2MM (annual)
- Outside operations were yielding high labor expenses against quoted price
- High level of raw material and finished good inventories / off-site warehouse
- New products were not being commissioned "on-time" as per customer expectations

SME solution

SME implemented a restructuring of the leadership and management levels. The existing team as well as new hires we trained in Lean Manufacturing concepts. A custom configured enterprise operating platform was implemented to leverage a new Supply Chain function which brought to fruition the Sales and Operation Planning process.

Tools and Techniques used

- Performed several Kaizen events at all manufacturing site operations
- Developed Daily Standard and KPI System
- Line balancing and time studies – lower Direct Labor headcount
- Systematic Root Cause Analysis
- Trained Engineering team on Project Management
- Developed Standard Work for New Product Introduction focusing on Quality at the Source

Results

- EBITDA improvement from 4% to 14%
- OTD increased from 57% to 99.8%
- Scrap reduction from 3% to 1.1%
- Direct Labor expenses reduced by 7%
- Cavitation increased from 75% to 100%