



Case Study

Auto Parts Manufacturer

13,000 Employees

Industry: Manufacturer of Hydraulic Steering Columns and Driveline Systems
Employees: Approx. 13,000

Key Results

\$8.5M annual HR resource cost optimization

\$0.87M annual cost avoidance for legacy system redundancy

25% reduction in HR support headcount

40% reduction in the number of interface HR systems

Challenges

- An inexperienced team struggling to meet customer demands
- Poor planning
- A reactive work force.

Solutions

- Management Workshops
- Increased interaction between employee and Supervisor
- Empowering workforce to problem-solve

Results

- 4.5X ROI
- Annualized Savings rate of \$17M
- Increased Productivity by 23%

Empowering an Inexperienced Team to Problem-Solve

A multibillion-dollar global steering and driveline business with a global workforce of 13,000+. They serve more than 50 customers in every major region of the world.

With 25 manufacturing plants, 5 regional engineering centers, and 11 customer service centers, this client's customers include BMW, FCA, Ford, GM, Toyota and VW.

Challenges

The Driveline Plants struggled to meet customer demands. With rising costs from premium freight, scrap, quality, uptime, and labor they were operating at a negative Gross Margin at the start of the engagement. The client also recognized that recent management changes left them with inexperienced Group Leaders, lacking the skills and ability to turn things around quickly. In the chaos, The Driveline Plants were routinely shipping late, causing customers to exert pressure to all levels of the organization. Management made it clear that they needed to see drastic changes for the Board to keep this portion business viable long term.

During our assessment, we found they were weak in planning-both in scheduling and control of resources. These systemic weaknesses, evident throughout operations, led to low productivity and equipment utilization. We ascertained that unstructured communication mechanisms between groups also contributed to productivity losses. Maintenance did not have an effective program in place to proactively service equipment. A lack of effective coordination hindered efforts to reduce costs through process and product improvements. Lastly, Supervisors weren't effectively engaging their areas of responsibility, adding to the chaos.



Success Stories

- ▶ Using our Action Plan creation tools, Plant 5 Group Leaders Mike P., Phil D., and Maintenance Group Leader Joe G. have started projects with potential gains of 45,750 parts per week.
- ▶ When we began, 70% of work was reactive. Bill D. is driving a paradigm shift with working time today at 31% reactive and 69% proactive. This monumental reversal towards proactive management by supervisors and planners has reaped substantial rewards.
- ▶ With the help of our Lost Time Tool, Phil was able to identify a major cause of down time in his department. By correcting the revealed maintenance issues, Phil D. was able to increase one machine's run time by 8 hrs/week.

Solutions

Changing the ingrained beliefs and behaviors in an organization is critical to achieving sustainable improvements. Buy-in from employees and management alike is necessary to transform the operating culture into one of continuous improvement.

We recommended that each department use a Continuous Improvement Process Board incorporating all data, goals, barriers, and action plans. During Daily Review meetings with all department Supervisors and Managers, we would gauge progress towards improving the daily schedule and address any issues creating off-schedule conditions .

Supervisors and Managers would also review the previous day's performance and the current load, creating Action Plans to directly drive improvements.

A Daily Schedule Control (DSC) was also developed to drive the short interval follow-up portion of the Supervisors' roles and responsibilities .

Supervisors and Managers began to utilize the Daily Schedule Control to interact with employees on an semi-hourly basis to gauge actual performance to the new expectations they set.

Production Manager, Ben C. stated, "The greatest result, from my perspective, is the training of the new Group Leaders. Getting them focused on data and accountability and giving them useful tools to work with. Teaching them to make regular observations, and eliminate lost time early on in their careers here, will continue to gain us much better efficiency far into the future. We have a much better problem solving culture now. "



Process

Our product is a Process of organizational development and behavioral change at every level of a client's organization. We are not a source of temporary technical knowledge but a resource for the development of an organization's management effectiveness through goal setting, barrier identification, and action plan implementation. We don't simply make recommendations like "white paper" consultants. Instead, our hands-on process ensures that changes are measurable and lasting.

One key to the success of our Process is in individualized leadership development which occurs throughout the program. The Change Process takes place by changing both the existing company culture and the behaviors on the front-lines that reinforce that culture. This is done by first understanding organizational Goals and Strategies and ensuring they are effectively communicated to all personnel, creating alignment in the organization.

In the first few months it became clear that the existing culture was driven by production standards to financial outcomes rather than driving to meet customer demand. They quickly understood they would need to move towards a proactive culture, ordering the relationship between parts and assembly areas to improve the flow of production and increase efficiency.

For example, it was observed that Final Assembly areas were making parts that weren't needed at all, and to do so, robbing components from areas dependent on those parts. This routinely caused both plants to cut their otherwise efficient runs short and pivot towards "needed" parts. One location would sometimes receive as many as 5 calls per day to change over to different part number, while a changeover would typically take 4-8 hours.

In an effort to improve component flow through all operations, a component build plan (MRP) was developed to signal the correct build amounts to each of the component areas, incorporating all the scrap through each value stream. Additionally, schedule boards in each component area were revised to show supplier and customer inventory levels to help the group leaders prioritize schedule work.

Through these efforts and improved daily interaction with their people, the client was able to improve Gross Margins from \$-1.8 million in the previous year to \$6.859M through the first 11 months of the year. Labor, overtime, scrap, and material savings tracked throughout the engagement accounted for approximately 7.3 million from March to November.

"The Process got me on the floor more often which allowed me to be more proactive. I learned many different ways to coach my people, hold them accountable, and ask the right questions."

- Tom W.
Group Leader



500-hours of day-in-the-life studies performed with the supervisors, managers, and the front-line workforce.

Results

- ▶ 4.5X ROI
- ▶ Increased Productivity by 23%

CASH FLOW / OVERALL FINANCIAL RESULT :

Through our work with the company, we were able to improve Gross Margins from \$-1.8M in the previous year to an astounding \$6.859M through the first 11 months of the year. This company saw an Annualized Savings rate of \$17.1M and their Cash Flow was improved by \$6.9M.

"I am realizing that I'm accomplishing more work with less man hours. I learned to be more organized and I manage my time more effectively. Being focused on proactive maintenance really pays off."

- Bill D., Group Leader

4



A&A Business Consulting

information@aabusinessconsulting.com

1.765.749.1210

www.aabusinessconsulting.com

Follow Us

[linkedin.com/company/a-a-business-consulting](https://www.linkedin.com/company/a-a-business-consulting)

[facebook.com/aabusinessconsulting](https://www.facebook.com/aabusinessconsulting)

twitter.com/aabizconsulting

