

Case Study

Rapid Rightsizing™ Results: \$8 Million in Annualized Savings in 180 Days +20x ROI

Client: Mid-sized, global manufacturer and distributor of tires and wheels.

Challenge

After several years in growth mode, a significant drop in customer demand led to excess capacity, high inventory levels and cost issues. This drop, combined with inefficient manufacturing and distribution processes, limited planning and scheduling capabilities, resulted in the “perfect storm.” Productivity was low, quality was unacceptable and inventories grew.

Solution

TBM Consulting Group was engaged to help the client work more efficiently within a reduced footprint and drive down working capital, with a specific focus on finished goods and raw materials. The TBM team also focused on redesigning production and distribution processes, including planning and scheduling processes, to optimize and reduce finished goods inventory.

Results

In just 180 days, the client generated over \$8 million in annualized savings, resulting in over 20x ROI.

How We Did It

The client reduced its distribution and manufacturing footprint by consolidating distribution centers from 18 to 10 but needed assistance establishing an effective workflow within a smaller footprint.

We started by establishing quantifiable goals linking operational metrics to financial performance. We quickly assessed their production and distribution footprint and evaluated their manufacturing facilities to identify the root causes of low productivity, quality problems and rework. We also analyzed planning/scheduling processes to align inventories and operations with true customer demand.

Batch processing was identified as an easy target for improving productivity. With multiple stamping operations that fed into welding and paint areas prior to assembly and shipping, inventory was piling up between every process. So we focused on reducing setup times in the stamping and welding areas, created assembly cells to

combine multiple operations into a single cell, and integrated a leak test operation at shipping prior to assembly. This reduced the work-in-process inventory significantly—leading to an overall quality improvement. We also aligned production to ensure the new cells and layout would enable one-piece flow throughout the operation.

Then, we improved the planning and scheduling processes. Forecast accuracy was low and not aligned with true customer demand. We developed a collaborative planning and scheduling process for key customers, and adjusted the demand and supply planning processes used to plan resources, capacities and outside supply requirements. Supply is now based on actual usage. The manufacturing facility now produces a replacement immediately when a product ships. The company has shifted from a forecast-based production model to a demand-based production model, resulting in a significant reduction in inventory. Profitability is up with sizeable improvements in quality, scrap, on-time-delivery, labor efficiency and inventory turns.

Metric	Before Rapid Rightsizing	After Rapid Rightsizing
Inventory	\$30M	\$21M
Scrap (Percent of sales)	1.35%	0.5%
Distribution Costs (Percent of sales)	4%	1%
Productivity (Units/person/hour)	5.75	6.83

Results You Can Count On

Give us six months or less to rightsize your business, and imagine where you could be if you got results like this.

All our work is unconditionally guaranteed.

Contact Bill Swisher at

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or e-mail bswisher@tbmcg.com now.

To learn more about
Rapid Rightsizing, please
go to the next page





Introducing Rapid Rightsizing™ *from* TBM Consulting.

Significant results. Fast.

Rapid Rightsizing is a LeanSigma® toolkit that gives you greater agility in a recessionary economic climate. Whether you're already embracing a lean approach, or just thinking about it, Rapid Rightsizing will drive immediate results that include:

- Rapidly reducing working capital
- Identifying and eliminating hidden costs that consume cash
- Improving liquidity by quickly converting assets into cash

How we do it

We send in dedicated project-based SWAT teams for short-duration projects – usually six months or less. We focus on inventory, receivables, floor space, quality, and energy to find the cash you can't see.

Most important, we make sure that we leave you competitively positioned for a long-term recovery while meeting short-term objectives.

What results can you expect?

In most cases, we drive millions of dollars in annualized savings. In six months or less. All our work is unconditionally guaranteed.

Find the right fit now

Read the case study. Then imagine where you could be in six months or less with Rapid Rightsizing.

Call Bill Swisher at **800-438-5535 ext. 823** or e-mail bswisher@tbmcg.com to get started now.



TBM

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