IRI CONSULTANTS

CASE STUDY:

Process Improvement by Working in Teams

The Client

Luxury automotive manufacturer and marketer.

The Situation

The auto company, known around the world as an organization committed to quality and customer service, adopted a continuous improvement process for its workforce. A team was formed to review and improve a core process within the Parts Distribution Center (PDC) – specifically the air and sea freight receiving process because it affects about 80 percent of inbound shipments.

The Challenge

The challenge the PDC faced is timely parts distribution to dealer service centers so car repairs can be made in a timely, customer-friendly manner. This meant that the creation of an efficient parts receiving process within the supply-chain.

The Solution

The goal in process improvement is to eliminate wasted effort and find the most efficient pathway for each key process. When implemented correctly, the results are and effective processes that manifest gains in employee morale and productivity. The PDC focused on key process improvement elements, including:

- Determining process improvement goals and objectives
- Using the existing process analysis as a starting point
- Identifying areas of improvement in the existing processes
- Identifying tasks, resources, roles, guidelines, and measurement

IRI CONSULTANTS

The team completed a process map and discovered that the largest source of controllable errors was in the scanning of parts. When a shipment is received at the PDC, each part is scanned so that the inventory is updated. If a part is not properly scanned, the inventory count is inaccurate, which creates downstream problems. The PDC keeps on hand in excess of $16 million of inventory, so correcting the problem would save resources and eliminate inefficiencies while improving customer service.

The Results

Equipment errors were responsible for some of the scanning problems, whereas others were a result of process inefficiencies. The team made many recommendations to improve the process, including:

- Change to specific process steps
- Training for people involved in the process
- Better maintenance of the computer equipment involved
- The implementation of measurement systems to track the process

After implementing the recommendations, the team conducted a second study as a comparison. The results showed a projected savings of 25.5 workdays per year by improving the parts scanning process and by people spending less time correcting errors. This also resulted in a significant cost savings.