



How this chemical company reduced unit costs by streamlining its internal supply chain.

This batch processor of chemicals used for surface treatment of metal products like appliances, automobiles and office furniture had an opportunity to reduce costs by consolidating plants and streamlining its supply chain. However, it had concerns regarding its remaining facilities' ability to handle the additional volume.

"We wanted to improve our bottom line unit cost," said the division's general manager, "but felt we were capacity constrained. That's when we decided to seek outside assistance and turned for help to USC Consulting Group, a specialist in process improvement."

USCCG's assignment was to optimize the company's internal supply chain to improve capacity utilization. It began by mapping the production process, from order entry through delivery, to gain a better understanding of existing bottlenecks.

The consultants soon discovered that customer orders were booked to a plant based on aggregate tonnage. As a result, certain vessels would be under-booked while others would be over-booked based on the detailed product mix. When this happened, production had to be diverted to whatever plant could handle it - encumbering logistics and incurring unnecessary cost.

USCCG then proceeded to solicit input from employees at every level in every department for improvements that could be prototyped and, if proven successful, rolled out. One early suggestion led to improved planning and scheduling between Production and Maintenance that focused on maintaining production instead of producing specific pounds of various

products. Production and Logistics also began capturing and sharing such key information as pounds produced, pounds shipped, labor productivity and schedule attainment.

Constrained and underutilized resources (both vessels and labor) were identified and addressed using a series of automated business solutions



Key Metrics

Labor hours reduced	30%
Overtime hours reduced	20%
Throughput increased	30%
Lead time reduced	20%
Direct cost/lb reduced	10%

This USCCG-led project enabled the company to effectively leverage existing facilities in support of higher sales volumes.

that scheduled materials so they would be available at the right vessel at the right time. This significantly reduced inventory levels, material usage, wait time and handling - greatly improving operational performance.

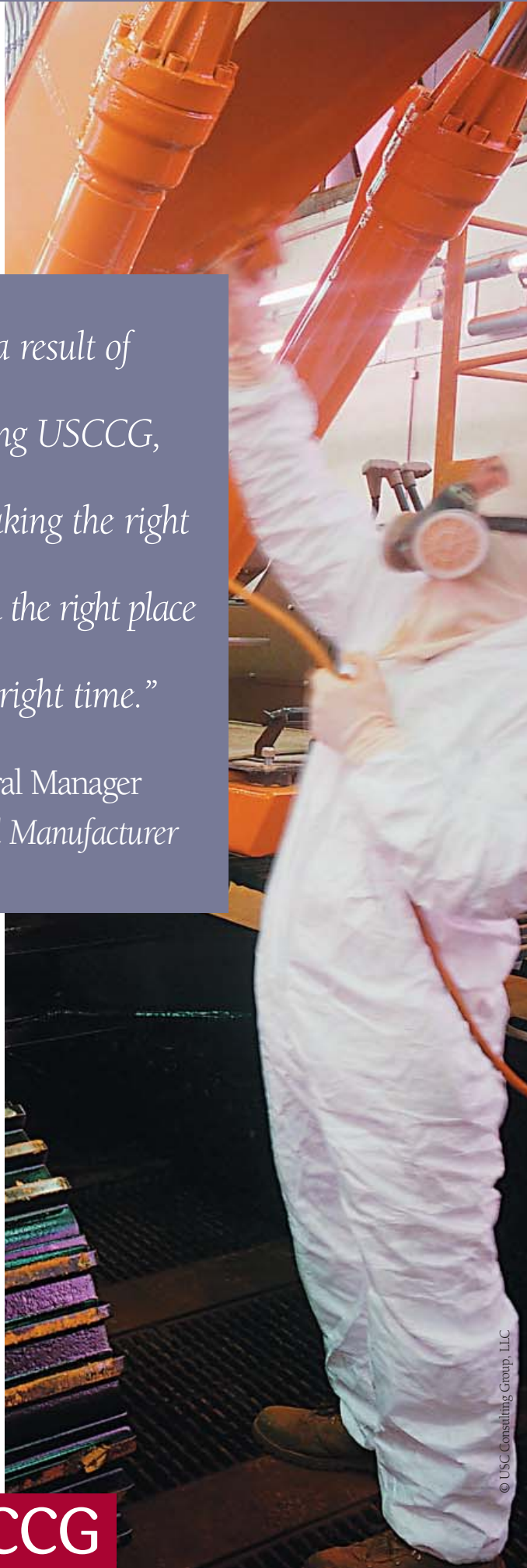
Cellular manufacturing techniques were installed. Visual shop floor management tools, such as schedule boards and monitors, were used to keep everyone focused on productivity. Associates began to keep an action item log and play a key role in the opportunity review process, while supervisors identified and prioritized problems for resolution at the lowest possible management level.

With an improved process, new standards and enhanced reporting, along with better shop floor control, the company was able to reduce lead times, enabling it to manufacture much closer to demand instead of incurring costly overtime to catch up on backlogs that had plagued it for years. Labor hours were reduced 30%, overtime hours 20% and direct cost per pound by 10%. Throughput was increased 30% and the client was able to close one marginal facility.

“To compensate for what we perceived to be capacity constraints at the time,” said one plant foreman, “we frequently scheduled overtime, incurred excessive material handling and forwarding costs, even short-filled vessels, to complete customer orders on time.”

Lastly, USCCG began working to enhance supervisory and management skills as the basis of a culture of continuous improvement. This led to further improvement in the receiving and shipping of raw and finished materials. Shipping productivity increased by 1100 lbs/hour.

“As a result of engaging USCCG, we’re making the right product in the right place at the right time,” said the general manager. “Our lead times have been reduced and schedule attainment improved to the delight of our customers and shareholders.”



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General Manager
Chemical Manufacturer



First we make it work. Then we make it last.®

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