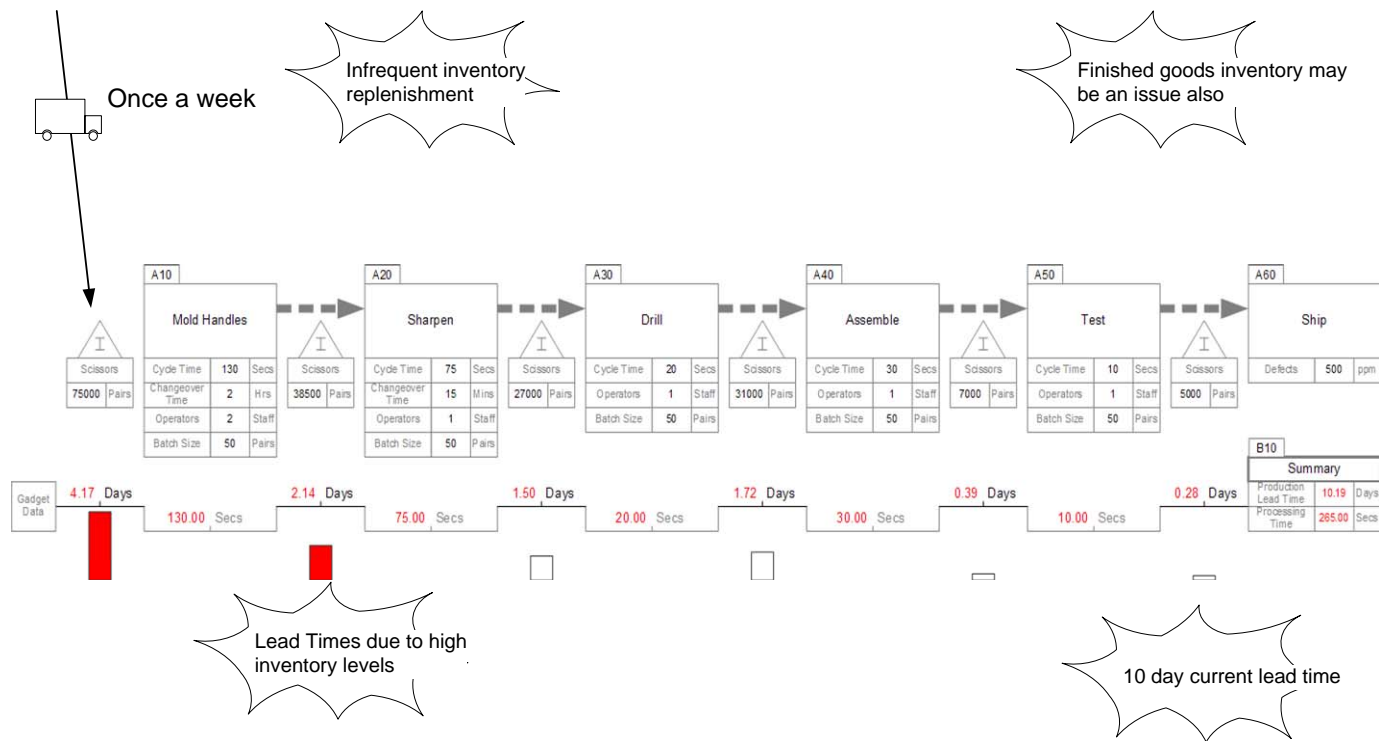


ISSUE Customer complaints about large product lead times

BACKGROUND

Customer complaints about large product lead times for the scissors have reduced our ability to effectively service changing demand for scissors size and color at major customers. We estimate \$K250+ annual loss in revenue when lead times are higher than 5 days.

CURRENT CONDITION (See CS VSM)

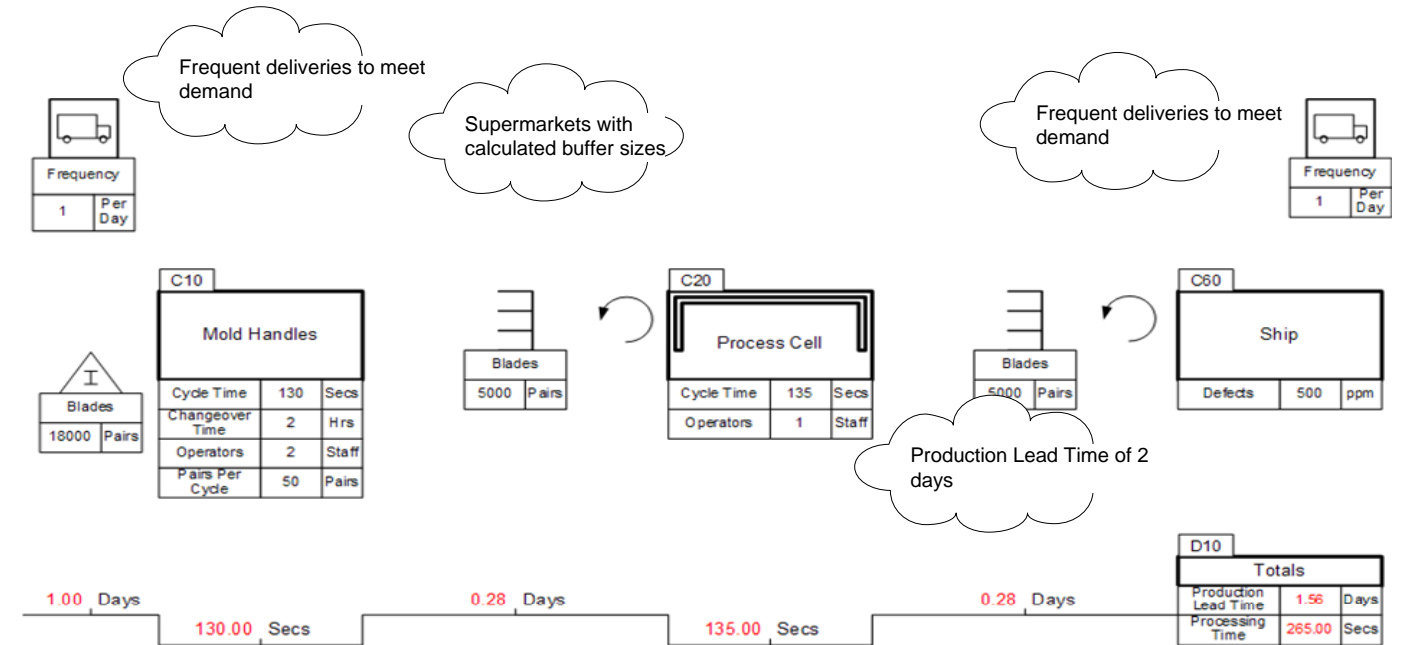


PROBLEM ANALYSIS

Large Lead Times

- Why : Because of large inventory levels
- Why : Because of infrequent shipping of raw materials and (perhaps) finished goods
- Why : Because of "push" system / batch production model
- Why : Because buffer sizes have not been established

TARGET CONDITION (See FS VSM)



COUNTERMEASURES

- Analyze and reduce inventory levels to meet customer demand with adequate safety margin
- Look at viability of more frequent deliveries
- Introduce assembly cell with continuous flow (eliminates a couple of current inventories)
- Introduce pull system to control "in-process" inventories

IMPLEMENTATION PLAN

What	Who	When	Outcome
Analyze Inventory Levels and Estimate Required Buffer Sizes	Value Stream Mgr	July	Done
Establish cost impact of daily deliveries	Transport Mgr	July	Viable, Cost of additional \$50K per year
Design Assembly Cell with Continuous flow	Assy Supervisor	August	In-Process
Design Supermarket system before/after assembly cell	Value Stream Mgr	August	Done

FOLLOW UP

- Track quoted lead times daily (Sales)
- Track inventory levels daily (Floor)

Impact	\$\$\$
Frequent Delivery	(-50K\$)
Lead Time Reduction (10 to 2 days)	250K\$/Year
Line Redesign	(-120K\$)