IT Supply Chain

IT Kaizen Event Case Study

- ☑ Lean
- ☐ Six Sigma
- ☑ Supply Chain
- ☑ Change Mgt
- ☑ SAP

•Market :
Science & Chemicals
•Client :
Turnover : $2B
Customers : global, regional
Employees : 2000

CLIENT ISSUE

Data errors exist in the information flows from SAP into the IT Logistics systems (Transoval). These errors cause significant business problems such as shipping delays, customs delays and freight settlement issues with carriers. Many of these data issues are currently only resolved via direct access to the database, creating a SOX issue and consuming a significant number of resources. A measure of the defects is the number of outstanding PQRs (Problems / Queries / Requests) recorded by the help desk. This number has grown significantly in the last quarter since startup of DPC Austria. The main DPC conversion occurs in January 2006 and will almost double the number of transactions. Unless the process is fixed this will increase the number of PQRs from currently 30 per day to 50 per day.

SOLUTION / APPROACH

- AIT delivered Lean training to define waste, learn to see waste, adopt Lean thinking, believe everything can be changed
- In parallel coaching and training to provided to define Information Flow Analysis of order placement / storage of material / Customer order placement / shipping the order / Freight settlement / Customs Managnt for root causes ID
- Used sub teams to identify where the errors become visible. This identified 16 root causes definition of Issue + Ideal remedy + Quick fix + Benefit
- Developed a reporting process that included report outs to the full team (Supply Chain and Process Owners included)
- Prioritized projects based on business benefits of the fix (SOX, $, Time) engaged in projects that could be resolved immediately.
- Standardization of data

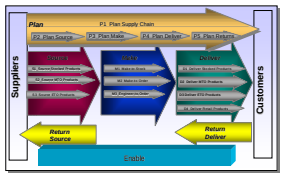
CLIENT BENEFITS

- ***Implementation of the identified improvements will bring 85% reduction in errors (vs. target 70%***
- ***Reduced the effort by 6-8 FTE with the current Transoval usage and should enable incorporation of rest of the DFC without headcount increase.***
- ***Two weeks after the event outstanding PQR's were down from 250 to 60 improvement already started during the event preparation.***

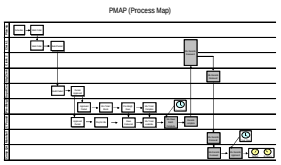
OUR DIFFERENTIATORS

- **Focus on building capabilities;** skills transfer & ability to gain client ownership
- **Build with you approach** – Full client involvement made a difficult cost reduction effort much more acceptable to the entire plant workforce
- **Experienced Team** – bringing industry knowledge & change management skills

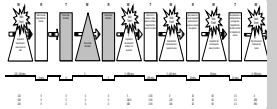
SCOR Model



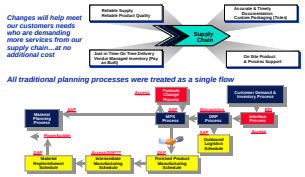
Swim Lane Diagram



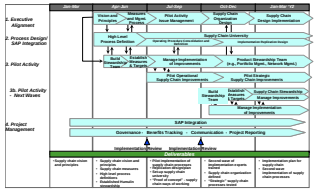
Value Stream Map



Process changes anchored to process technology



Integrated Implementation Plan



☐ Europe ☑ North America ☐ Asia/ Pacific