

# Value Chain Transformation

## Supply Chain Improvement & Lean Enterprise to move from its functional operating model to a new hybrid process-driven work system that significantly reduced cost, overall cycle time and improved delivery & service

• **Market :**  
Automotive Coatings SBU  
• **Client :**  
Turnover: Multi-hundred \$MM in each regional BU  
Customers : global, regional  
Employees : 1000

### CLIENT ISSUE

An automotive coatings firm facing growing competitive pressure sought to improve its supply chain/operations in advance of implementing SAP as part of a corporate program. They had a 6 month supply chain cycle time, low on-time delivery, several \$MM annual obsolescence write-off, many unhappy customers (service issues), & field service reps often ordered paint for customers to shield supply problems. Their demand management processes were manual, the weekly planning process took the entire week, each field service rep used a unique process to relay demand information, excessive expediting resulted in numerous uncontrolled plant changeovers, vehicle units had to be converted to gallons of paint for demand planning, air shipments of paint batches were common, and customer returns were high. Their existing organization was highly functional & characterized by the need to reduce complexity in the process, embed a multi-functional concept of prevention, increase accountability, clarify decision making, match (more standard) processes with customers', while increasing the capability of the organization.

### SOLUTION / APPROACH

- Conducted an 8 week hypotheses-driven Analysis & Design (A&D) to identify strengths & opportunities, develop a portfolio of improvement initiatives, frame areas requiring additional analytic effort, build a credible business case, design an implementation path forward & broaden the leadership commitment to drive the changes
- Applied a number of supply chain improvement tools including cycle time maps, material flow maps, leaky pipe analyses, supplier schedule integration models, complexity models, demand profiling, & information flows to understand and redesign the supply chain processes
- Developed a Supply Chain Strategy including Demand Management, Operating as a Single Company, Replenishment Based on Consumption, Inventory Management and Delivered Cost Philosophy - a blueprint of what will happen when and how activities will be integrated to drive value
- Redesigned the Manufacturing, Technical and Quality processes/organizations into a much more integrated model using lean and high performance concepts based on the capabilities required to produce a product
- Conducted Customer and supplier workshops to test, pilot and implement
- Implemented the new processes & organization models using high engagement & capability development approaches
- Enhanced the gains & sustainability through a Process Reliability Process

### CLIENT BENEFITS

The program has more than met the client's expectations:

- (1) Identified and delivered >\$18MM in bottom line turnaround impact;
- (2) Made significant progress toward their goal of 50% reduction in supply chain cycle time;
- (3) The process and organizational changes were anchored with their current technologies and mapped to the upcoming SAP implementation

### OUR DIFFERENTIATORS

- Change process that engaged people & accelerated results
- Leading practices, tools, methodologies & processes that served as strawmodels/templates; development enhanced by learnings of others
- Experienced team - industry knowledge, deep supply chain/manufacturing & organization design content, business acumen, & consulting skills



Lean



Six Sigma



Supply Chain



SAP



Change Mgt



Europe



North America



Asia/Pacific

### We used a number of different tools & methodologies

