Tier-1 Trucking Company Operational Transformation

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INDUSTRY: Automotive

SERVICES: Logistics; Rapid Health Assessment; Logistics

Executive Summary

Suppliers across all industries today are faced with challenges unlike most of us have seen in our professional careers. Any one of the issues facing the supply base would be challenging alone. But today we see many of these challenges facing suppliers simultaneously: labor shortages, supply chain disruptions, inflation, and the ongoing COVID pandemic. These issues are making it difficult for suppliers to run a healthy and profitable business.

Seraph was contacted by a Tier 1 supplier to the heavy-duty trucking industry to provide coaching and direction to the front-line leadership team at their largest production facility. When the team arrived and conducted the initial assessment, the gaps identified were much more significant than originally communicated. From these findings, it was determined that a more extensive engagement by Seraph, including a larger team and application of our crisis management and turnaround methodology.

Project Dates: July 2021-January 2022

With alignment between client leadership, Seraph developed a plan to focus on 5 key areas:

- Production Planning
- Warehouse and Logistics Processes
- Molding OEE Performance
- Production Execution
- Leadership Practices and Employee Engagement

Individual work packages were created with input from key leadership from the client. Work packages included a set of deliverables and resources aligned with the client leaders. Each work package was supported by a lead from the customer organization and a Seraph consultant.

“We first had to work together with the client to demonstrate using data that what they believed to be their biggest bottleneck was, in fact, not their real problem. It only appeared to be that due to the way they were planning and executing their production schedule.” – Jay Butler Managing Director, Seraph

Accomplishments

- 61% Reduction: Reduction of past dues for the clients’ 5 largest customers
- Improved Weekly OEE: Creating a more stable performance
- 100% Positive Increase: In the average daily production of finished goods by providing a more stable flow of daily production
- +$2.7 Million Return: total recoup of lost sales increase within 4 months

Approach

The Seraph team implemented our standard crisis management methodology beginning with the *Understand* phase, followed by the *Improve*, and *Sustain* phases:

The *Understand* portion focused on a complete assessment of the operational aspects of the facility. This includes: financial health, production capacity, control, and management, warehousing and logistics processes, and lastly customer support.

The *Stabilize* phase is an immediate triage of those aspects that can be improved quickly through a rigorous execution of those action plans. This phase includes the following: production floor discipline, standard work, warehouse organization, planning and scheduling processes, staffing, floor leadership coaching, and mentoring.

The *Sustain* phase focused primarily on the disciplined application of measures taken during the Stabilize phase, along with continuous improvement activities around work floor optimization and cell layouts, and organization of WIP locations in the assembly area. For this project, there was a specific focus on the improvement of past dues, maintaining daily meetings, production reports, parts tracking/reporting, and ongoing customer communication.

Onsite Details

It was apparent that production within the facility was inconsistent. Excessive mold changes and downtime were negatively impacting molding performance. OEE was running at much lower rates than target and the plant struggled to meet molding

requirements without operating 7 days per week.

The operations span across 3 local facilities complicated material flow to the plant, resulting in additional downtime occurrences that impacted both molding and assembly production. Production was also complicated because of multiple customer hot lists feeding into the production planning process without a consolidated process. This resulted in confusion and missed customer requirements. Finally, the warehouse was unorganized with an accumulation of past-due materials that needed to be shipped, stacked throughout. The lack of organization resulted in lost and missing material, increased shipment staging times, and disruption of production to remake lost and missing materials.

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Implementation

Seraph implemented full crisis management strategy after further evaluation once arriving. In order to foster a healthier Leadership-Employee communication relationship, Seraph instituted Leader Standard Work for Supervisors and Lead Ops, as well as introduced bi-hourly production reporting, two production meetings per day, shift handover meetings, reorganized daily accountability meetings, and established daily “move the needle” meetings. Due to the lack of customer communication, Seraph also provided oversight on daily customer calls to ensure better communication was being given to the client’s major buyers. Discipline was improved.

One of the major shortfalls for the client was how high their past-due numbers were. Seraph’s goal was to consistently lower the number of past dues weekly to better satisfy the client’s customer base. Seraph stabilized production planning processes, implemented standard plant performance reporting metrics, re-established hourly boards on the production floor, reorganized the assembly and WIP paint areas, implemented Standard Reporting for Service Past Dues by customer, as well as provided complete and updated PFEP (plan for every part), and recommended manufacturing footprint.

“Working together with the client, we demonstrated their ability to produce far beyond what they thought possible. In fact, working together we were outproducing their most recent performance with less equipment. It required teaching them to step back and look that the self-inflicted pain they were causing themselves, create a plan, and then work that plan.” – Jay Butler Managing Director, Seraph

Conclusion

This project was extremely challenging due to a number of issues on site. The Seraph team worked overtime to increase productivity, make changes to warehouse management, and aid in fixing financial instability. The Seraph team was able to accomplish several of the goals such as OEE, past due recovery, and creating stable customer communication and parts tracking.