

Ritchie & Associates

The Performance Improvement Consultants, Since 1967

The Time for Improvement is Now

Client Profile:

This public and international corporation is a leading manufacturer of lighting products for residential and commercial use, and is a Fortune 100 company. Their lighting is designed to give people in all walks of life a better experience, when it comes to safety, visibility, aesthetic appeal, efficiency, reassurance, inspiration, presentation, and convenience. The major product lines are various models of fluorescent, incandescent, halogen and LED lights and lamps.

The Need & Approach:

The corporation has several plants based in North America and a focused internal group deploying the tools and tactics of Lean & 6Sigma. Due to significant pricing pressure from overseas facilities, the Plants were tasked with significantly reducing operating costs over a three-year period. At the end of two years, while 75% of the goal had been identified, with somewhat less actually being realized, the Plant's Internal Cost Reduction Team was having difficulty with the remainder of the goal.

Following discussions with our Business Development Team, Ritchie & Associates was invited to conduct an Analysis at one of their locations to assist in their endeavor. A two-week (no-fee) Analysis identified three significant opportunities that would yield unit cost savings of over \$2,500,000. The savings would be exclusive of any current or planned initiatives identified by the Plant and were calculated to address a planned volume reduction in the range of 4% - 7%. The improvement opportunities consisted of Lamp Line Resource Allocation, Labor Variances and Material Shrinkage

The Work & Results:

The Improvement Strategy and Implementation Plan followed the process from the receipt of bulbs to the plant (the on-site furnace was being rebuilt so bulbs were brought in from other plants) through packaging. Key components of the Improvement Strategy were:

- Detailed process mapping focusing on both an activity-based model, as well as product loss control points
- Establishment and facilitation of specific Process Improvement Teams
- Production Line Balancing and Resource Re-Allocation
- Report and Control integration to provide accurate data and analysis of critical performance indices

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Although production volume reductions were at 10% (exceeding the original estimate of 4% - 7%), the plant realized 96% of the original savings projection, yielding a 3.2:1.0 ROI.

On the strength of this performance, Ritchie & Associates completed similar projects at four other manufacturing plants and two DC's for this client.

"I had the pleasure of working with the fine people from Ritchie & Associates for 2 of their projects with our company. They were professional, yet personable and fit well into our culture. They led several Teams comprised of direct employees from our Production and Purchasing Departments as well as our Green & Black Belt Staff. The Teams they led relative to Material Loss on the Production Lines and the Line Balancing efforts were exceptional. I would highly recommend their services to any company attempting to reduce operating costs."

Director of Continuous Improvement