

Kaizen Case Studies

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CASE STUDY: 2P

CLIENT: Power-train and chassis manufacturer (noted as such below)

The power-train and chassis manufacturer won a new order to machine a part for one of its clients and determined that it would cost \$1.35 million in capital expenditures to build it with a burden labor rate of \$8.33 that included three operators. Given those figures, the product would barely be profitable and it became evident that a better process was needed.

PDG collaborated with the power-train and chassis manufacturer to design and evolve a new process implementing 2P. The new process was simulated and mocked up during a week-long event. Gains included: 1) a \$600,000 reduction in capital 2) a 500-square-foot decrease 3) two operators running the cell instead of three thereby decreasing the burden labor rate from \$8.33 to \$4.79. Ultimately, \$994,000 was saved during the first year.

The original plan for the new order was created by one or two engineers and provided a limited knowledge base. By encouraging a cross-functional team approach that included process engineers, operators, design engineers and others, a broader perspective and wider range of ideas occurred. Those involved with the week-long event saw the importance of operator involvement and the benefit of getting engineers with a variety of skills to work together. In addition, lead time was shortened, a quality control plan for the process was implemented and the company reaped awesome results in a five days.