

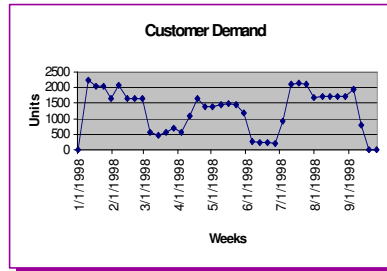
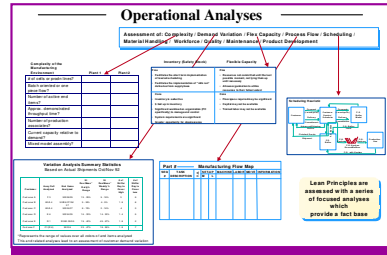
The Journey To Lean Manufacturing Success

Diagnostic & Vision Phases

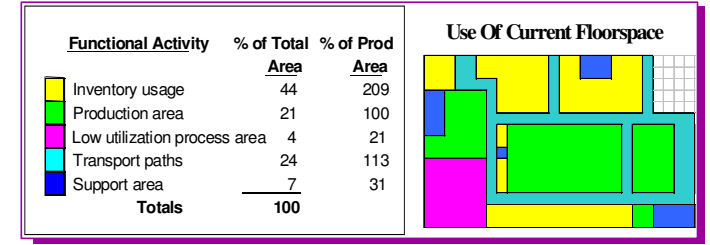
Analyze Current Operations

Business Objectives

- Reduce inventory XX
- Improve service YY
- Reduce costs ZZ
- Improve quality AA



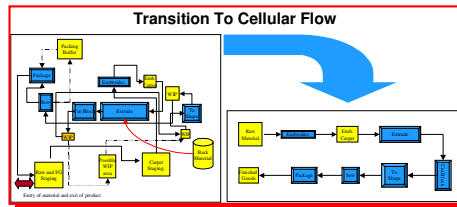
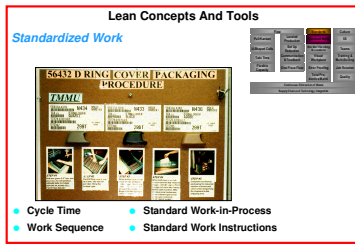
Supply Chain Flow Analysis



Educate

Lean Building Blocks

Flow	Standards	Culture
Pull/Kanban	Standard Work	5S
U-Shaped Cells	Std. Mat'l Handling & Locations	Teams
Takt Time	Visual Workplace	Training & Multi-Skilling
Flexible Capacity	Error Proofing	Job Rotation
	Total Productive Maint.	Quality
Continuous Elimination of Waste		
Supply Chain and Technology Integration		



Build & Commit To The Business Case

Lean yields many direct benefits to both the P&L and Balance Sheet by breaking accounting convention to reduce TOTAL COSTS:

Major Production System Cost Drivers	Range of Improvement
Defects	30-80%
Direct Labor	30-70%
Support Labor	50-80%
Capital Equipment	20-60%
Space	30-70%
Inventory	50-80%
Direct Material	20-60%

Conceptual, Simplified Income Statement

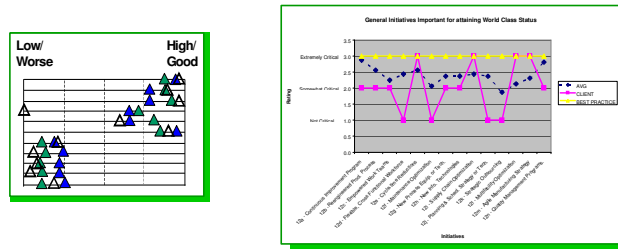
	Pre Lean	Post Lean*
Revenue	100	100
COGS	70	59
Direct Labor	4	3
Support Labor	14	7
Material	52	49
SG&A/Interest	15	12
Taxes (.34)	5	10
Net Income	10	19

Conceptual, Simplified Balance Sheet

	Pre Lean	Post Lean*
Assets	100	100
Cash	6	29
Accounts Receivable	30	30
Inventory	20	10
PP&E	44	31
Liabilities		
Accounts Payable	26	13
Debt	5	5
Retirement Benefits	11	11
Owners Equity	58	71

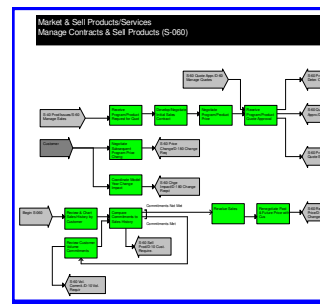
*Figures calculated assuming minimum improvement range

Benchmark



Plan IT Support

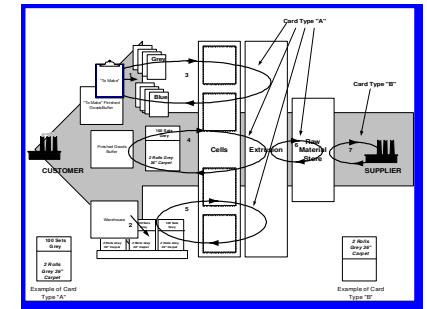
Process Designs



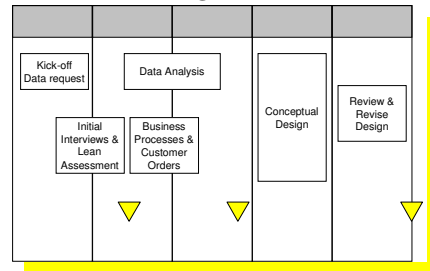
IT & ERP Scope

CLIENT Manufacturing	Currently Using @ SFS	Use As Is	In-Scope for Plant Impl	Review for Future Use	Will Not be Using
ERP Modules:					
1 Items/Sites	X		X		
- Product Change Control				X	
- Price Lists				X	
2 Address/Taxes	X	*	X		
3 Inventory	X	*	X		
4 Physical Inventory	X	*	X		
5 Purchasing	X	*	X		
- Supplier Schedules			#		
- Supplier Performance				X	
6 Sales Quotes					X
7 Sales Orders/Invoicing	X	*	X		
- Customer Schedules				X	
- Containerization			#		
8 Configured Products					X
9 Sales Analysis	X	*	X		
10 Service/Repair Orders					X
11 Service & Support					X
12 Distribution Requirements Planning				#	X

Lean Information Flow



Plan Diagnostic Phase



LEAN MANUFACTURING THREADS

Strategy	Green
Business Process	Purple
Information Technology	Blue
Change Management	Red
Project Management	Yellow