

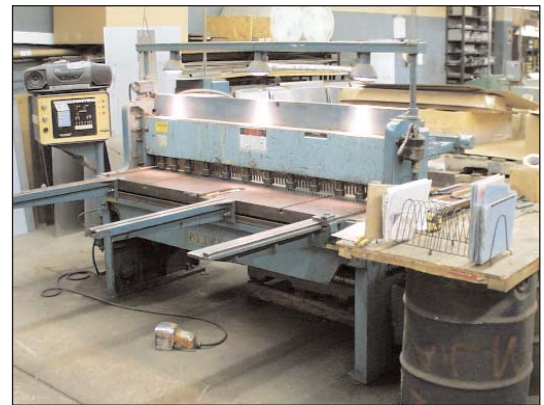
# ATECH-SEH Metal Fabricators

## Firm Benefits

- 50% reduction in front office order processing
- 200% reduction in order release to ship times
- 24% improvement in dollars shipped per direct labor hour ratio
- 22% reduction of in-process inventories
- 250% increase in inventory turns
- Created organizational structured approach to continuous process improvement, waste reduction, and utilization of people and equipment
- Production employees cross-trained to alleviate operator capacity constraints
- Numerous continuous improvement initiatives underway such as setup reduction and visual tool management

## Lean Implementation

ATECH-SEH Metal Fabricators, located in Buffalo NY, is a contract manufacturer of a wide range of metal components and assemblies, primarily in the telecommunications and electronics industries. The company sells to a diverse customer base, much of which is in the western U.S.; annual sales are estimated at about \$3 million. Founded in 1968, the company has been under its present ownership for over four years. Manufacturing operations are conducted within a facility of approximately 15,000 square feet on a one-shift basis. The company currently employs seventeen people, including the union production workers.



Prior to lean implementation the Shear machine ran all day; now it only runs on demand.

### Situation:

Manufacturing lead times from order receipt to shipment were at least four weeks and raw/in-process inventories exceeded \$200,000. With the economic downturn, ATECH-SEH realized that in order to remain competitive, the focus and culture of the company needed to change. ATECH-SEH's president attended an Insyte Consulting Lean 101 training class and immediately realized that adopting a lean methodology was the change his organization needed to make to improve competitiveness. By introducing numerous elements of lean manufacturing in the shop and office, they could immediately reduce lead-time, cut inventory levels and, most importantly, improve responsiveness to changing customer demands.

### Solution:

A team consisting of an Insyte Consulting manufacturing engineer, two shop floor supervisors and the company president was formed to analyze the existing product

"We are a small company needing to improve, but did not know how to begin. Insyte Consulting helped us develop a clear and unbiased view of our strengths and weaknesses. Together we began a series of small steps all pointed towards permanent improvement. The positive changes were immediate. Insyte Consulting has become a cost effective member of our management team. We expect to continue to seek and benefit from their input."

David Munschauer, President



flow, labor content, and order planning/scheduling mechanisms. The analysis determined that there were significantly more open orders on the shop floor than the equipment and personnel could process in any reasonable period of time. Shifting priorities, late deliveries, and a substantial number of customer order status inquiries contributed to the evolution of ineffective work practices. The two shop floor supervisors also attended Insyte Consulting's Lean 101 class to get foundation skills in the concept.

The team decided to implement the use of a pull/KanBan signaling system to control the flow of orders and material through the shop, and optimize the utilization of equipment and operators. By limiting the number of new orders in process on the shop floor, and reducing the amount of material cut per release, in-process order throughput was improved by almost 200%. The most significant benefit of this procedural change was that it allowed the orders to be re-prioritized at any time, up to the point where the material was cut. The president also proclaimed that once material for an order was cut and in process, it must be completed without interruption. This illustrated the commitment of management to embrace a change to the company culture.

Another initiative of the project team involved implementing a company-wide 5-S system/workplace organization initiative. All company personnel spent ½ day removing clutter, identifying and isolating in-process material not required for the current orders, and creating specific material "drop points" for each work center. This activity recovered a substantial amount of floor-space in the existing facility that can be used in the future for new business capacity or expanding capital equipment needs.