

Electrical Device Manufacturer Increases Capacity Utilization and Improves Customer Responsiveness

Quarter-century-old global organization designs and manufactures custom-engineered instrument transformers for the energy and utilities market. The company was founded in 1996 and has a presence in 43 countries. It is an International Organization for Standardization (ISO) 9001, 14001 and Occupational Health and Safety Assessment Series (OHSAS) 18001 company.

Results

- Increased capacity utilization and inventory turns 15-20%
- Delivered dynamic and proactive response to customers
- Improved on-time deliveries by 95%
- Reduced customer lead time from 4 weeks to 2.5 weeks
- Improved communication between internal teams and customers

Facing technical and business challenges

The global electrical device company had major technical challenges with production efficiency, delivery deadlines, and synchronizing the value chain. The organization also faced business challenges, including producing and delivering a dynamic mix of large- and small-order quantities; a hybrid mix of make-to-order and engineer-to-order products; high-product variants with new diversified product developments; dynamic customer demand and rush orders; and a lower percentage of make-to-stock items.

Additionally, the company was facing issues related to inconsistent data maintenance, manual and Excel spreadsheet software-based planning and scheduling systems, lack of proactive solutions, and long production meetings. The methods used to deal with ongoing issues were inadequate because of the dynamic rescheduling required to handle a high product mix, rush orders, and capacity constraints; limitations of the in-house custom ERP system, which was insufficient to carry out finite capacity scheduling, and time-consuming systems prone to human errors.

Business challenges

- **Product mix:** Manage dynamic mix of diversified product developments
- **Situation velocity:** Efficiently address dynamic customer demand and rush orders
- **Complexity:** Improve productivity and facilitate value chain synchronization

Keys to success

- Implement an efficient predictive planning system
- Meet customer delivery requirements with existing resources and manpower

Choosing the right solution

The global manufacturer needed a better predictive planning system that could help it deliver on time as well as allow the company to balance the efficient utilization of resources. With product portfolio diversification, the customer delivery requirements become stringent. The challenge was to meet the demand with the existing resources and manpower.

The transformer device manufacturer chose advanced planning and scheduling for robust capabilities:

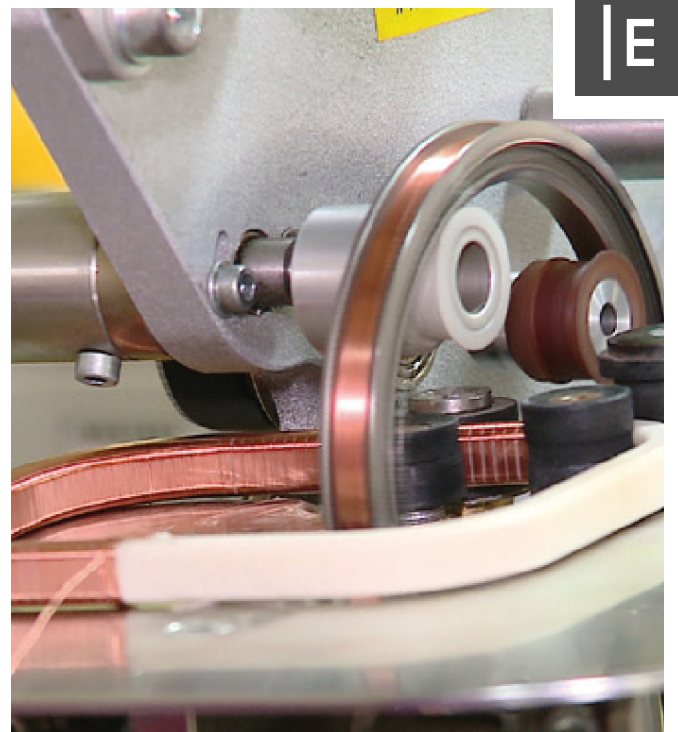
- Proactive predictive planning and scheduling instead of reacting to problems
- Proactive communication with customers on delivery dates
- Accurate delivery dates to customers
- Accurate machine loading plan
- Demand-centric identification of bottlenecks in advance
- Supply-demand synchronization
- Visibility into a single plan across different departments
- Effective resource utilization

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With advanced planning and scheduling, we improved our on-time deliveries by more than 95 percent. We have used better inventory returns and resource utilization to improve our productivity by 15 to 20 percent. Our communication with customers and between management and operations has also improved significantly.

Director, Global Electrical Device Company

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Global firm: rapid growth, big opportunity

This firm has significant manufacturing and design experience, which has enabled it to participate in the smart grid, optical sensor, and energy management sectors. Adopting advanced planning and scheduling has allowed the organization to transform its relationships with customers from being just a supplier to a strategic partner. It has been growing at 20 percent compound annual growth rate (CAGR), in part due to the diversification provided by its digitization and sensor technology products.

The firm's products include medium-voltage transformers, low-voltage transformers, bushing-current transformers, fault-pass indicators, Rogowski coils and integrators, cast-resin components, and current and voltage sensors.

The company wanted to improve customer confidence and position itself as a key strategic partner and an end-to-end solution provider of transformer devices. With advanced planning and scheduling, the company also reduced the average customer lead time from 4 weeks to 2.5 weeks, and customer response time from three days to one day.

"Our sales have increased, and we have gained strategic advantages," says the company's managing director. "This has led us to become strategic partners with customers rather than just suppliers, and has helped us achieve 20 percent CAGR growth."

Solution enables manufacturer to increase inventory turns 15-20%

"Advanced planning and scheduling is helping us meet our global customer requirements, such as reduce lead times, improve resource utilization, identify bottlenecks, and predict accurate resource requirements," states a senior director. "With this approach and solution, we have improved our on-time deliveries by more than 95 percent. We have used better inventory returns and resource utilization to improve our productivity 15 to 20 percent. Our communication with customers and between management and operations has also improved significantly."

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