

Bayside 5S+ Cost Savings Project



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Bayside 5S+ Cost Savings Project

The following case study exhibits the project as it was designed and executed through the DMAIC (define, measure, analyze, improve, control) principles of Six Sigma.

Backstory: Landrum has a manufacturing client with which our Workforce Management onsite leaders are responsible for material handling and assembly functions. Part of our agreement is defining annual cost savings projects and managing them from start to finish. One of those projects we completed was called the “Bayside 5S+ Project.” The Bayside location is a three-acre concrete paved area directly across from the plant entrance. Its primary function was as a semi-truck check-in and hold area. The space also doubled as a scrap collection area.



Issues / Challenges Identified: One problem we identified is that our client was paying storage costs for shipping fixtures that were reused after returning from the field. Offsite storage for these, and other material, totaled over \$1 million per year.



Goal: Our primary goal for this event was to relocate as many shipping fixtures as possible from the offsite warehouse to Bayside through a structured Kaizen event with a multi-company subject matter expert (SME) team. This team consisted of Landrum, the client, and the third-party transportation company. The stretch goal was to increase the flow of incoming trucks to eliminate confusion, as well as increase the capacity of “waiting” spots or parking spots.

Key Performance Indicators (KPIs) Tracked: The primary focus metric was defining actual hard savings realized over a 12-month period, per the client agreement. All projects from January through December were in scope. We also measured truck data such as largest size and turning radius, maximum quantity per day, and throughput allowed on plant per hour. It was also important to identify all other processes currently taking place in Bayside and its current footprint.



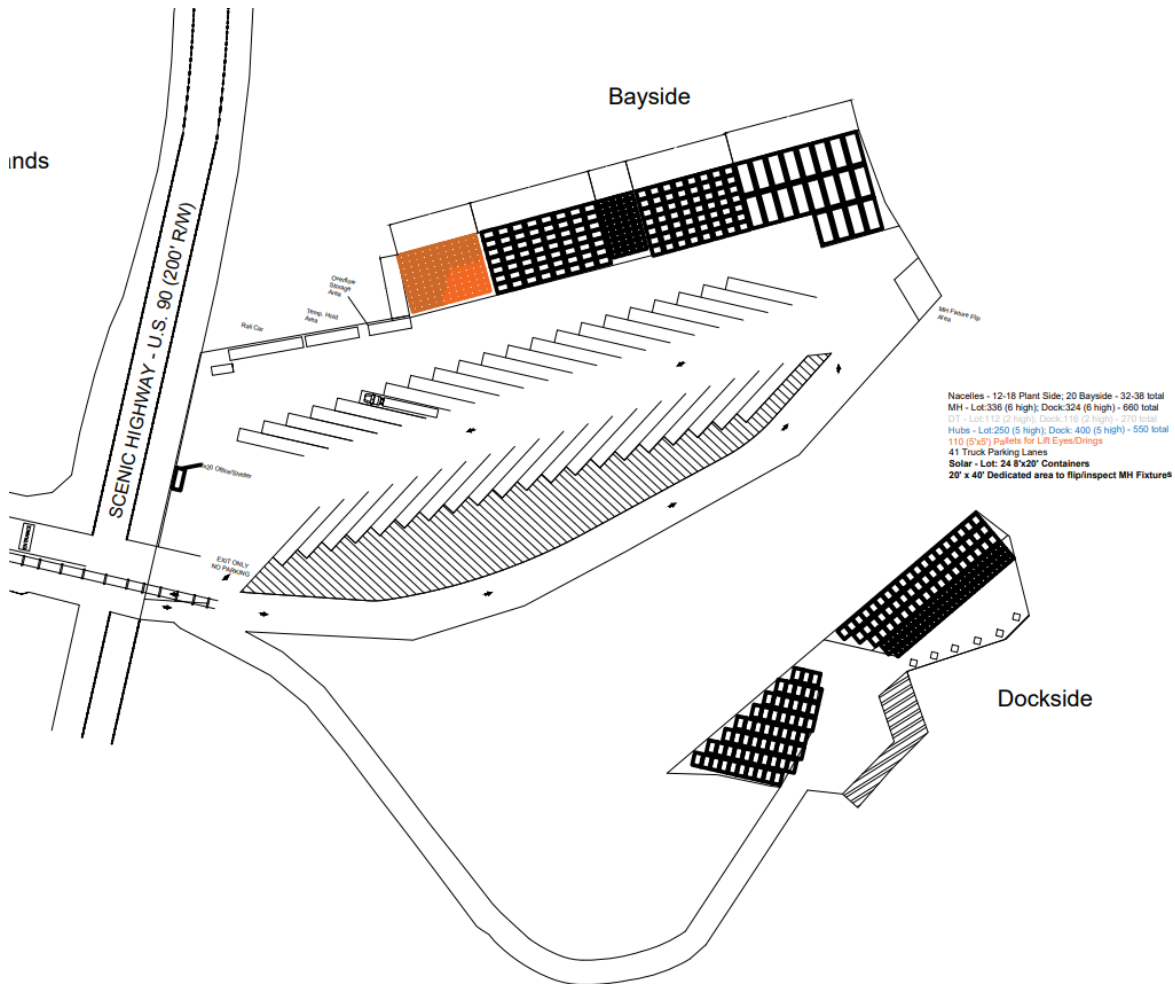
Trend Data: We identified the following data sets as in scope:

- 218 shipping fixtures of 4 different sizes, which are billed differently.
- After a Gemba walk, we recognized over 100 fixtures that were damaged past acceptable limits.
- Transportation of fixtures to the plant from an offsite warehouse each week was adding unneeded cost.
- A minimum of 36 parking spots were needed to accommodate the maximum truck quantity.
- Other processes in the area included: fixture repair area, fixture quality check and flip, lifting eye consolidation, Nacelle storage, and truck check-in.



Preparation: Over several one-hour structured meetings, the team collectively performed a 3P Layout Event (production, preparation, process) and incorporated 5S methodologies into the design. The result was a detailed roadmap of actions to get to the desired state.





Execution Efforts: The new layout was executed over a weekend using a team of experts, leaders, and drivers. Fixture locations were designed with min/max triggers. Truck parking spots totaled 41 with a clear incoming and outgoing flow of traffic. Storage savings for 218 fixtures totaled \$161,538 per year. Recycling payback calculated by actual steel recycling contract plus the savings of no longer storing scrap in an offsite warehouse totaled \$149,774.97 for. Total savings for this project in 2020 was \$311,312.97.

Follow-Up Efforts: In order to sustain the layout and accurate material levels, we:

- Created standardized work for each process.
- Implemented a weekly 5S audit, with members from all three companies involved.
- Set up a daily layered process audit (LPA), ensuring standard work was being followed.
- Set up a 30/60/90 day and annual layout review with the team for continuous improvement.

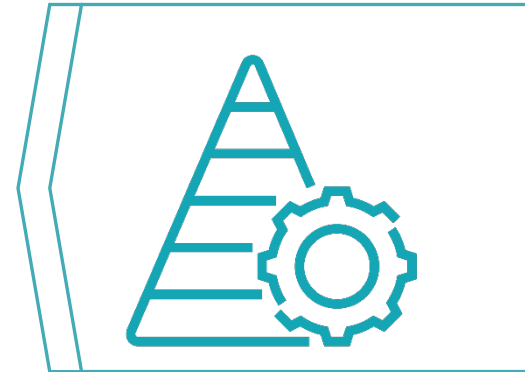


CONCLUSION

In summary, Landrum identified and managed from start to end, a multi-company cost savings project with a total hard savings of over \$300K for. This benefit came at no additional charge to the client. We understand that the better our clients perform, the better it is for our relationship. Our lean philosophy is not only about identifying and eliminating waste, but also understanding creative ways to maximize value to our customer.

Key Takeaways

- Landrum facilitated a multi-company cost savings project using lean methodology.
- Total hard savings for this project over was \$311,312.97.
- Implemented standardized work and layered process audits to sustain efforts.
- No additional cost to the client.



COMPANY OVERVIEW

Workforce Management Solutions

Landrum's Workforce Management program began with the vision to have our clients operate safer and more efficiently because of our focus on process improvement and employee stabilization. Our mission was to apply lean principles to each stage of the employee lifecycle and to positively impact the attainment of our client's safety, quality, performance, and cost goals.

For over 50 years, Landrum has been solving complex issues for our clients around people, safety, quality, performance, and cost. Today, our gap analysis is used early in the evaluation process to identify inefficiencies, redundancies, and opportunities to create stabilization in the workforce or in an area or department that lacks leadership, bandwidth, or that may be underperforming. After our report out and analysis, a roadmap is created in alignment with our client's core business goals, to improve overall efficiency and drive labor cost per unit down.

Landrum accomplishes this through our team of operational experts who have spent significant time in manufacturing and logistics operations, and who understand how to apply process to people in order to change outcomes.

