



Client Case Study: Digital Media

This leading global service provider for IT & High-tech industries has responsibility for the entire sourcing of packaging material, software components, assembly of final products and steers the transportation to the customer. The company has been operating for more than 50 years at the current facility. Since 2008, Strategic Insource Solutions (SIS) has been proud to be the primary CPU (Cost per Unit) integrated process partner for this facility.

Prior Challenges

- Accident and ergonomic injury rate exceeded national average for industry.
- Limited cross-training of associates beyond single area of expertise.
- Microsoft Scorecard rating of 64 on a scale of 100. Business in jeopardy of losing entire Microsoft business.
- Significant repeat external quality complaints from National and Global Accounts.
- Hourly turnover exceeded 30% for primary hand-pack operations.
- Process productivity consistently below 71 percent (actual hours/standard hours)
- Overtime of 12 percentage points required per week to achieve shipment goals.
- Constant retraining as a result of turn-over and lowered productivity impacted employee satisfaction and reduced retention among the core workforce
- Base wage rates for hourly employees not in line with local market for same positions and skill sets
- Engineering and Operations leadership not able to focus upon capital expansion and capacity improvement projects due to day-to-day process/shipment demands.
- The situation was characterized by cost inefficiency, low production flexibility and poor quality/ lead time.

SIS Strategy and Tactics

- Implemented rigorous quality/operations manuals for global accounts at the process owner level.
- Created cross-training matrix for critical indirect and direct roles in each hand-pack and final assembly process.
- Implemented a production based incentive program for directs and in directs, provide training, and track key performance metrics daily to share with teams.
- Created line and process layouts for each of the top 75 client kit configurations
- Implement weekly business reviews to review performance, discuss challenges, and create actions plans in focused areas
- Implemented equipment modifications to stabilize demand planning flexibility
- Implemented 8D approach to process inefficiency and quality failure resolution
- Implemented demand flow approach to production change over and work station design

Impact of Solutions

- Minimized client exposure to accidents and ergonomic strains in past year to zero incidents
- Improved Microsoft Scorecard to 100% for the past four months
- Reduced external quality complaints from 1,561 PPM to 24 PPM
- Improved process productivity to 116 percent per week
- By outsourcing a key department to our team, the gains in efficiencies and lowered cost per unit resulted in a labor cost savings of \$2.4m in the first 12 months
- Consistent kitting and final assembly processes allowed client to allow low volume order quantity scheduling from customers