

## CASE STUDY

# Aerospace Manufacturer Reduces Conversion Costs and Inventory with 100% Delivery for a Critical Part

## Overview

- Company leader in the design, manufacture and service of aircraft engines and auxiliary power units
- Standard work for materials flow and streamlined value-stream logistics reduces conversion costs and inventory and lead-time improvements
- Inventory was reduced by 45% and 100% delivery-to-requirement for the critical part



Learn More About TBM's Aviation, Aerospace and Defense Solution

## About TBM

### Speed wins every time.

TBM specialises in operations and supply chain consulting for manufacturers and distributors. We accelerate operational performance to make you more agile and help you accelerate business performance 3–5x faster than your peers.

## Challenge

- Prepare for a large volume increase with several new part numbers on the horizon
- High inventory levels on expensive parts and long associated lead times and complex value-stream logistics
- There was particular concern about the impact of increased demand for one critical part that already suffered from inconsistent through-put and excessive lead times.

## Solution

- Create standard work for materials flow
- Simplify value-stream logistics for cost and lead-time improvements
- Ensure the product was moved at a “steady” cadence
- Make rationalised parts in the most economic increments possible depending on manufacturing processes
- Create pull vs. push for materials

## Results

- Inventory was reduced by 45%
- Established target and max acceptable quantities at each process
- 100% delivery-to-requirement for the critical part
- Consistent daily flow of materials with lead times stabilised
- Conversion costs reduced:
  - Overtime cost virtually was eliminated
  - Overproduction, pushing parts and “crisis” management was eliminated
  - Reduced time and complexity for internal and external logistics