

## Creating a Data-Driven Culture Results in 90% Reduction in Scrap

### Multi-plant Manufacturer Reduces Escaped Defects from 8% to Less Than 0.5%

A multi-plant manufacturer of metal products was ready for a change. They enjoyed an excellent reputation in the marketplace, but the good reputation came at a price. Internal scrap and rework metrics told the story. High costs reduced the bottom line, and took a human toll. With executive support and a broad-based team effort, one of the company's facilities is serving as a transformational model of the focused, strategic shift to a data-driven culture.



The Director of Corporate Quality, described it this way, "We had the 'monthly one-off syndrome.' Every month we had a different reason why we didn't make our target."

Problem solving teams shifted their focus constantly to address the current emergency. They lacked constancy of purpose over the long term. To make matters worse, data that could help them identify and solve problems was sadly lacking.

"It was chaotic," the Director explained. "Everybody was working like maniacs. They were all super busy... It wasn't that our people weren't working hard or even that they didn't understand what they needed. The issue was they didn't have the data in front of them to know what to work on. Or if they made an improvement, how to quantify it."

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- Director of Corporate Quality

While the plants were not in danger financially, there was plenty of money being left on the table from the high scrap and rework costs. Those high costs were a "hidden factory" that produced nothing but waste. If a company with 20 machines operates routinely with a 5% scrap rate, it is the equivalent of one machine in the factory dedicated to producing waste. This is the hidden factory.

## The Right Tool Begins to Uncover Hidden Factories

The Director's team was frustrated. They took a step back from the intense fire-fighting and recognized the

company was not living up to one of its core values: making problems obvious. The Director said, “Quite often we say we want to make problems obvious, but we’re not quite sure what that means.” The team realized they needed tools that made problems obvious. They needed to uncover the hidden factory.

The company already had a lot of tools, including JDE as their Enterprise Resource Planning System, plus Excel, and Minitab, and a corporate issue tracking system. What was missing was ready access to real-time, actionable data. One colleague had experience with Hertzler Systems’ GainSeeker Suite at another company, and knew it was the missing link.

Prior to implementing GainSeeker, staff in the flagship plant had been spending 60 to 70 effort hours a week in the administrative tasks of collecting, massaging, and reporting quality data. Their manual systems undermined confidence in their ability to solve problems. The Director explained, “You would go to meetings and everyone brought their own data to the meeting. They were defending their data versus moving the organization forward.”

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The Manager of Process Engineering and Quality Assurance, added: “There was no centralized data source that everyone trusted. So instead of coming together to solve problems, we would spend the entire time in our data.”

Automating data collection had two immediate benefits. First, automation saved a significant amount of time. What used to take the plant up to 70 hours per week now takes about five hours a week. This time savings enabled the plant to redeploy staff from clerical work to solving problems.

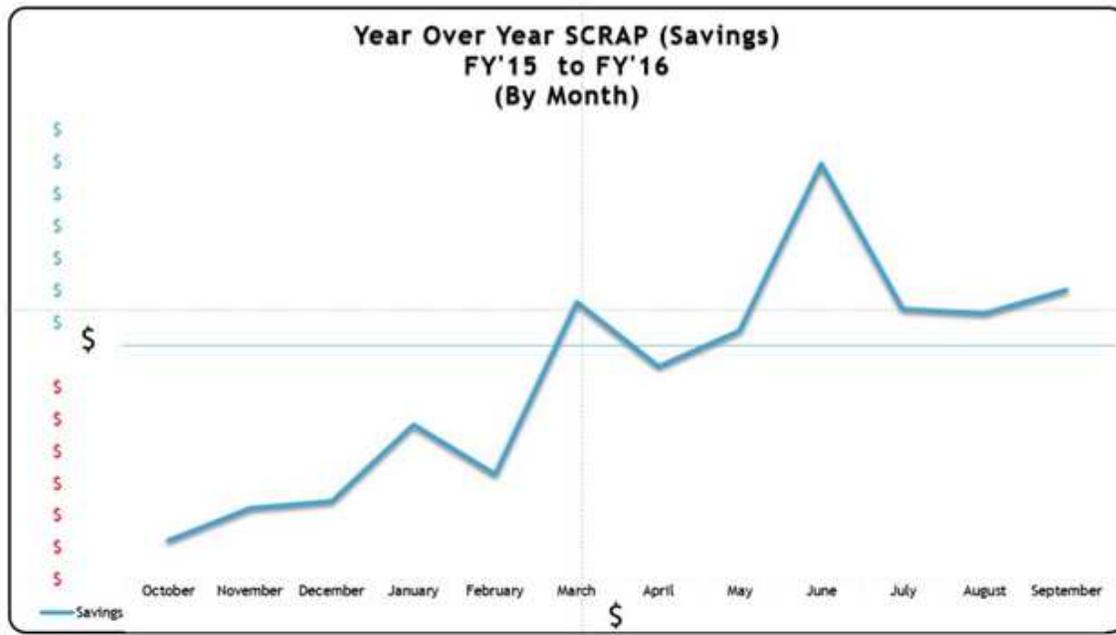
But more importantly, the company’s confidence in the data and what they could do with it increased significantly. With more time and more reliable data, they could solve problems faster, and monitor the impact of their solutions much more effectively.

The Manager explained that GainSeeker is “a primary tool for us to leverage, figure out when we go to solve problems.”

## Transformation Leads to Supply Chain Stability

Deploying GainSeeker provided a foundation for a culture shift that turned the company from a reactionary organization into a proactive company. This culture shift was supported by extensive training and coaching in problem solving methodologies, built on actionable data from GainSeeker Suite.

This shift led to many benefits such as:



Implementing GainSeeker Suite in combination with a comprehensive staff development effort resulted in significant savings in scrap and waste in the company.

- 90% reduction in scrap and rework
- Effort hours to capture, manage, and analyze data reduced from 60 to 70 hours down to less than 5
- Reduction in escaped pieces from 8% down to 0.5%

The Company has seen a major transformation in the way they are collecting and using data. They've shifted from being reactionary to being proactive. "We're trying to be anticipatory," the Director explained. "We want our team to be in a position that when their boss asks them for something, they've already got it."

This transformation has already paid the company significant financial and personal benefits. The team expects GainSeeker will enable transformation well into the future.

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