



## HIGH IMPACT CASE STUDY: DFT FACTORY PERFORMANCE IMPROVEMENT

### ADVANCED ENERGY INDUSTRIES

Advanced Energy is a high tech manufacturer specializing in power conversion solutions utilized in thin-film plasma manufacturing and solar energy generation. An innovative company with revenues close to \$584M, Advanced Energy has seen substantial growth of nearly in recent years. It has operations around the world, with Asia being the production hub. Advanced Energy's product portfolio of 7,000 finished goods and over 40,000 purchased parts is extensive for a company their size.

### CLIENT'S CHALLENGE

Advanced Energy successfully achieved a competitive advantage in the market through offering over 40 different product platforms and a wide array of finished goods within each platform. However, with an extensive supply chain and over 13 days of manufacturing time generating customer quoted lead times of 6 to 13 weeks, Advanced Energy needed to improve their factory throughput without increasing inventory costs.

With so many different products being offered to customers, Advanced Energy had created a manufacturing environment consisting of 26 production lines covering over 48,000 sq. ft. of factory floor space. Overall utilization of this production environment was at around 45% due to a need to meet changes in daily product mix. As a consequence, the production operators experienced excessive movement from line to line.

To overcome long supply chain lead times extensive levels of raw material inventories were required. The supply of these inventories to the production lines was facilitated through traditional kitting techniques processed several days ahead of the production date.

### HIGH IMPACT'S SOLUTION

Advanced Energy worked with our experts to deliver a DFT Factory Transformation. This solution drove a consistent, reliable operational response through their production facility by creating:

- + Optimized mixed-model flow design for all products reducing manufacturing response times, leading to greater throughput with the same set of production resources.
- + DFT Material Replenishment systems to manage shop floor inventories with improved material presentation techniques.
- + Defined work order sequences to optimize flow.

"Our product mix ranges from extreme high mix, low volume to low mix, medium volume. We have selected DFT as the foundation for Manufacturing and Supply Chain because of its flexibility in supporting the volatility of our product mix. It provides our teams with a common language for planning and staging material in the supply chain and within the factory. Our customers require agility and speed for delivery of quality products and our stakeholders require cash conservation with our inventory strategies. DFT is our platform to achieve these requirements."

**Travis Johnson, Director, Supply Chain Management for Advanced Energy**

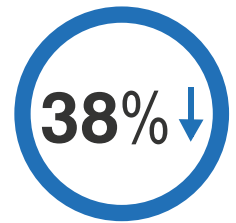
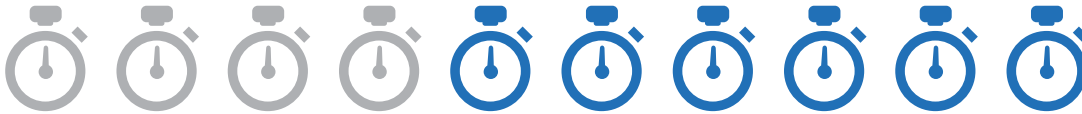
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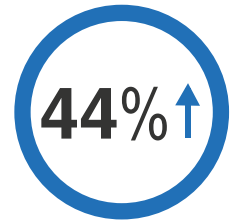
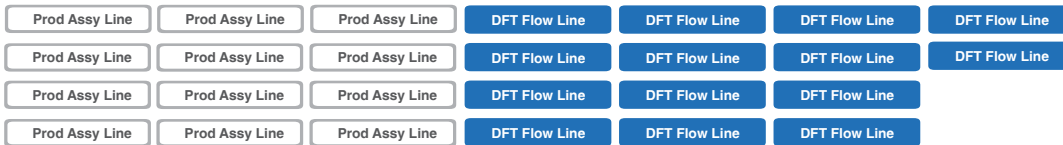
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# IMPACT TO CLIENT'S BUSINESS

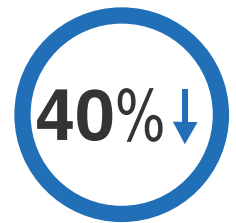
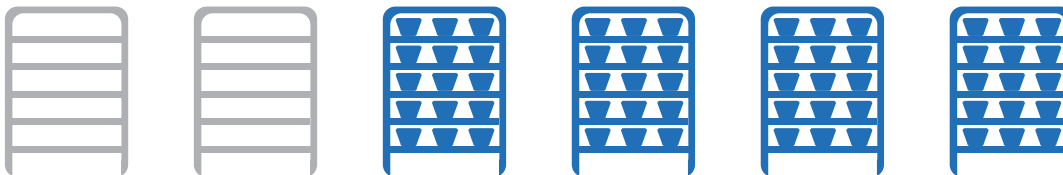
Manufacturing lead time reduced by over 38%



Optimized mixed-model design established across 14 DFT Flow Lines leading to 44% improvement in utilization



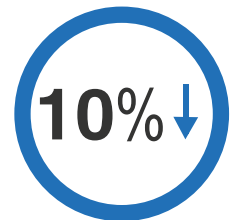
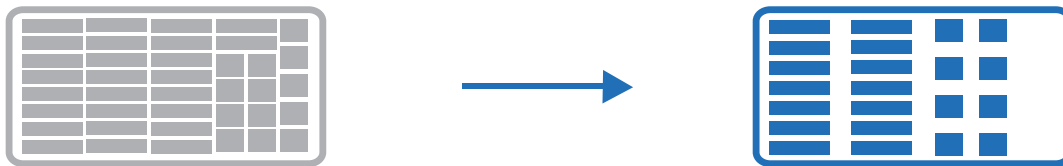
40% reduction in Supermarket shelf space



Reduction in WIP inventories of over 25%



Overall reduction in floor space of over 10%



For over 16 years, our team of industry experts has made the “impossible” a reality for over 500 clients across 20 different countries. Our consulting group has over 50 years of combined experience in client transformations, and our thought leaders have held senior leadership and executive level positions within global manufacturing and supply chain organizations.

We are the industry experts and exclusive provider of DFT training. We practice the art of flow by training businesses on DFT, and our clients’ track records of improvement are proof of the difference it can make to the bottom line delivering average improvements of 41% in working capital, 9% in customer service levels and 8% in Cost of Goods Sold (COGS).

Are you looking to drive significant bottom line growth for your business, improve customer service levels in addition to improving your working capital position? Yes? Well, we are ready to help you to become demand driven, contact us today and speak with one of our industry experts.

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