



## HIGH IMPACT CASE STUDY: DFT SUPPLY CHAIN 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 significant growth 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 has been able to establish a competitive advantage and a leading position in the market through offering a vast array of products across 40 different product platforms. Such success whilst running a global supply chain operation has come with its own set of problems.

With customer quoted lead times ranging from 6 to 13 weeks, Advanced Energy's customers were requiring more responsive on-time deliveries from a facility with a manufacturing response of up to two weeks and a global supply base that had a 13 week average lead time capability. To achieve significant levels of growth and meet increasing pressure from customers, inventory levels were increasing driving down the company's total inventory turns to less than four.

### HIGH IMPACT'S SOLUTION

To improve on-time deliveries whilst reducing customer quoted lead times and reducing inventory levels, our team of experts partnered up with Advanced Energy to implement a fully integrated Supply Chain, linking customer requirements through the factory back to the supplier. Key factors to the successful achievement of this project were:

- + Enhancing the S&OP process to integrate all aspects of the business across the range of products.
- + Linking true customer demand to each supplier in order to understand inventory dynamics enabling specific inventory strategies and policies to be created.
- + Developing optimal supplier replenishment strategies based on the replenishment cycles from each supplier.
- + Modeling the supply chain to determine optimal inventory investment at every single node in the supply chain, while also collaborating with key suppliers to compress replenishment cycles.
- + Architecting Consumption Driven Procurement logic to be deployed across the business.

"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**

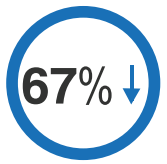
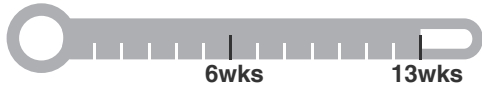
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# IMPACT TO CLIENT'S BUSINESS

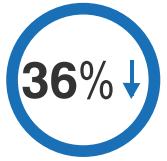
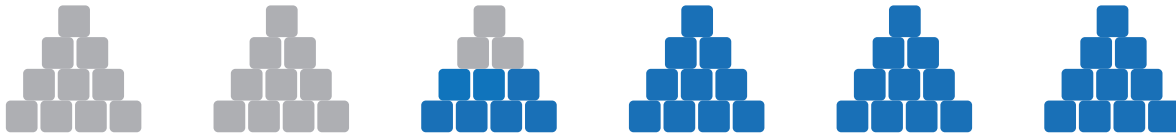
Achieved customer quoted lead times ranging from less than 2 weeks to 10 weeks based on sales strategy by product



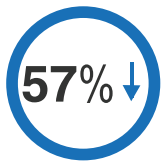
Average lead times from key suppliers reduced by 44%



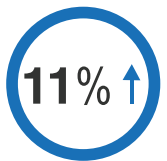
36% reduction in working capital reduction



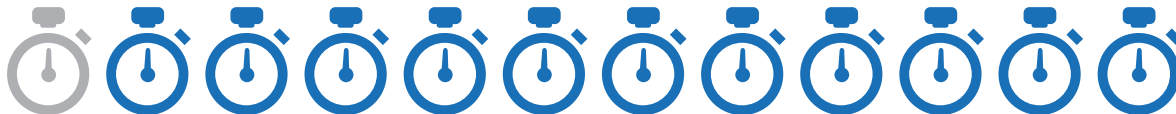
57% reduction in Off Balance Sheet Liability at key suppliers



11% improvement in forecast accuracy attaining 73% accuracy by SKU by week



On-Time Delivery (OTD) improvement of 12% achieving 90% OTD



Aligned supply chain with improved agility and adaptability to changes in demand within the supply network



## HIGH IMPACT COACHING & STRATEGIES

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 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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