



# Aircraft Distributor Improves Fulfillment

One of the world's leading independent distributor and provider of comprehensive supply chain management services to the global aerospace industry turned to DB&A for consulting services. With more than 50 locations in 17 countries, and 7,000 customers worldwide, their services include traditional distribution, quality assurance, just-in-time delivery, chemical management, logistics, and point-of-use inventory management.

Through recommendation of a private equity firm, the company contacted DB&A to discuss a Two-Week Analysis for their California warehouse. The primary objectives were to improve warehouse fulfillment rates and reduce the cost per transaction. The results delivered on the initial engagement led to three additional projects.



## DB&A Analysis

Our Team conducted a Two-Week Analysis with the company's management team in order to identify barriers impacting fulfillment rates, transaction costs, rework, and the effective labor rate.

We observed:

- Existing Processes
- Equipment and Materials Utilization
- Culture
- Service Levels
- Quality Shortfalls

DB&A Consultants found that supervisors were not effectively controlling their areas of responsibility. This was driven by a culture in which supervisors spent more time reactively solving issues versus focusing on the management of their people and processes. This was negatively impacting productivity and throughput.

Supervisors were not:

- Ensuring adherence to Processes
- Establishing and following Procedures
- Setting proper work task expectations
- Performing effective follow-up on assignments
- Measuring planned performance vs. actual results

## The DB&A Difference

### Combined Analysis Financial Proposal

- Proposed Project Cost: \$6,154,700
- Guaranteed Savings Rate: \$10,550,000
- Guaranteed ROI: 2:1

### Combined Actual Financial Results

- Actual Project Cost: \$6,154,700
- Annualized Savings Rate: \$14,289,412
- Actual ROI: 2.3:1

### Combined Project Highlights

- Increased productivity by 15-20%
- Recovered \$1.5M in vendor credits
- Increased Receiving Inspections by 30%

Most supervisors were not utilizing the tools made available to them to manage their areas. Instead, they were resorting to a reactive management style which led to a lack of focus on root-cause analysis and barrier removals. The result was a negative impact on individual and overall department productivity. There existed an opportunity to improve efficiency (and reduce hidden lost time) through improved usage of data to drive the management and coordination of work across the organization.

Reactive problem solving and “order chasing” tended to reduce velocity of orders through the warehouse, which ultimately impacted OTD (On Time Delivery) and customer satisfaction. Communication channels between different departments were limited, which lead to rework and unnecessary motion within the operation. Less-than-optimal communication and coordination during the sales and procurement process appeared to be a major contributor to the inability of the warehouse to get parts out on time. Overall, DB&A found opportunity to increase line productivity 15-20% by instilling more proactive daily management and enhanced employee training.

## Implementation Actions

During the first six weeks of the project, DB&A focused on front-end processes, developing metrics, and communication channels in order to improve On-Time Delivery at the Valencia, California warehouse. However, after six weeks the CEO expanded the project focus to include a full analysis on what would be termed the Forecast-to-Pay process, which included a warehouse in Texas. The focus for the Forecast-to-Pay process was to increase velocity through the ordering process, ultimately reducing SG&A. The focus for the Texas location was similar to California; improving rate fulfillment and reducing cost per transaction.

While working at the Texas and California sites, the company developed an initiative designed to overhaul several aspects of the business in North America and EMEA. The client employed the services of DB&A in a few of these initiatives to drive successful execution. The scope of this work included all processes from order entry, order processing, customer delivery, and ultimately accounts receivable.

The client intended to consolidate the footprint of its sales workforce within the US to fewer sites. DB&A played an instrumental role in preparing these sites, both through creation of additional capacity and tactical planning for location moves.

In total DB&A has been engaged in four projects with this client:

- **Project One** focused on improving customer service through increased fill rates in their flagship warehouse in California.
- **Project Two** involved streamlining the procurement process which reduced Buy

Requisitions and Purchase Order backlogs. This engagement also branched out to a second warehouse in Texas to replicate tools, processes, and improved results similar to the warehouse in California. Project Two also included the client's chemical division in Pennsylvania. Here DB&A focused on similar issues as well as redefining the Accounts Payable process which resulted in improved performance.



- **Project Three** focused on the three primary sales facilities in North America, located in California, Texas, and Florida. This engagement shifted the paradigm from results-based accountability to in-process metrics and drove accountability through the correct behaviors in the sales and administrative processes.
- **Project Four** included engagements in the United Kingdom and France replicated similar changes and results as the North America sales and procurement engagements. An extension to the project included sales engagements in Italy and Germany as well.



## Management Culture Transformation Results

- Designed and co-implemented a Management Operating System (MOS).
- Developed Key Performance Indicators (ratios) to measure actual performance versus specific goals for each area.
- Barrier Identification / Resolutions controls (Short Interval Follow-ups (SIF), Observations, Lost Time Pareto's, Action Plans, etc.).
- Productivity/Performance Goals based Management (Reward Results, not Activities).
- Focus on Behaviors (Roles and Responsibilities, Expectations).
- One-on-One Coaching with Managers / Supervisors.
- Daily Schedule Control Plan to allow for short interval follow-up and effectively identifying barriers.
- Management Development Workshops: Roles and Responsibilities, Planning & Follow-up, Problem Solving, Lost Time, Management Operating System, etc.
- Resource Loading based on Capacity, Goals and Performance vs. History.
- Weekly/Daily Communication Meeting with Management to drive Accountability.
- An Assessment Process to monitor Utilization (MOS Checklist).

“The biggest change I saw was visually being able to track production and implement cross training.”

1st Shift Pulling Supervisor

“The operation is now more constructed. DB&A has trained us in focusing on our personnel, standard work, and expectations.”

1st Shift Government Supervisor



Since 1987 DB&A has provided cross-industry management consulting delivering 15-20% in operational and financial improvements to our clients with a financial guarantee. We deliver customized solutions that maximize existing resources to increase efficiency, capacity, and productivity. Our approach is to work with all levels of management to transform management culture in order to drive accountability where it matters most: the front-lines. For more information visit [www.dbareresults.com](http://www.dbareresults.com) or email [contact@dbareresults.com](mailto:contact@dbareresults.com)