

### OOE Success Story

#### Continuous Improvement at Electronics Manufacturer

- Customer:** Teledyne Advanced Manufacturing Technology
- Problem / Challenge:** Teledyne was experiencing high inventory costs of over \$2 million per year in one program alone. They placed 943 orders each year, a processing cost of almost \$200,000. Teledyne lacked an efficient kanban system and point of use (POU) storage system. All parts were stored away from the workstations in a central stockroom and were kitted for production. If the kits were missing any parts, employees had to walk over to the stockroom, fill out paperwork and gather the parts they needed for the project and return to the workstation to complete work. Sometimes, parts were not there, and time was lost searching for them. This process led to over \$30,000 per year looking for lost parts and \$367,000 per year labor for kitting.
- Proposed Solution:** In a week-long *kaizen*, or process improvement, event, ATN-UAH lean specialists, with help from the Teledyne team, created an implementation plan for a kanban and POU system. The daily demand of parts and supplier lead times was used to determine the optimal inventory levels. Based on the frequency of use, the location of the inventory was determined, with the most frequently used parts being located at the POU on the shop floor. This reduced the time for kitting and searching for parts.
- Outcomes:**
- Results* The plan resulted in 72.3% of the parts being moved from the stockroom to the floor. The reduced time looking for parts will result in a savings of \$266,568. The cost of lost parts will go down to just over \$8,000 per year. The new plan also eliminated \$300,000 of unnecessary inventory, reducing the value of the inventory to \$1.85 million. Total projected results are an annual savings of \$710,700.



*"I am once again pleased with the work done by UAH," commented Norm Wolstein, vice president and general manager at Teledyne Electronics. "They are experienced with our type of business and provide effective, fast solutions."*

*- Norm Wolstein, Vice President and General Manager*

UAH's Office for Operational Excellence  
For more information

Please visit our web-site at [www.uah.edu/ooe](http://www.uah.edu/ooe) or call 256-824.4284