

Supply Chain Performance Improvement Case Study

Solectron Scotland

Solectron Scotland, a provider of electronics manufacturing and design services to Original Equipment Manufacturers (OEMs) is reaping the benefits of having integrated the Supply Chain Performance Improvement (SCPI) programme offered through Scottish Enterprise with their existing “Lean” journey. The SCPI is helping Solectron to extend its Lean principles throughout their internal supply chain and to its entire customer and supplier base.

Background

At the core of Solectron’s corporate strategy is the Solectron Production System (SPS), a Lean and six sigma combination patterned after the famed Toyota Production System pioneered by the Japanese automotive company. The success achieved through the dedicated effort of introducing the SPS throughout Solectron is becoming more apparent in its road to returning revenues and profitability after suffering through the industry downturn around 2001.

Despite being half-way through the five-year Lean programme, Solectron is already seeing a difference. Solectron Dunfermline’s General Manager, Mark Cumming said “we are still leaning the factory and that will be ongoing, but the next state is to take Lean outside our four walls so runs throughout the entire customer value stream.”

Brian Martin, Solectron’s Manager for Site Materials and Julie Morrison from Scottish Enterprise discussed the potential of the SCPI for the Dunfermline, Fife site and quickly agreed that the fundamental aspects of the programme were well suited to Solectron’s needs and could gain significant speed on its journey for improvement. Scottish Enterprise assigned their chosen supply chain counsellor, Douglas Kent, Director of consulting firm eKNOWtion to assist Solectron.

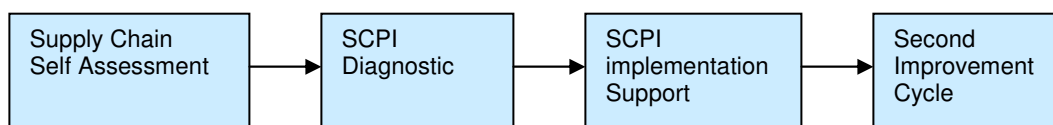
Solectron wanted to use the SCPI to quickly identify the areas within the supply chain which most needed improving by using the robust benchmarking capabilities to understand where performance could be further improved (both OEM and CEM) and to quickly identify a prioritized list of opportunities for improvement towards the desired future-state.

Key Challenges

Solectron needed the focused approach delivered through the SCPI and saw huge value in the SCOR® model as key enabler. The Supply Chain Operations Reference (SCOR® model (the heart of the SCPI) developed through the efforts of the Supply Chain Council offered a similar framework for a supply chain transformation that the Toyota Production System offers to “Lean”. Cumming added, “Toyota has been improving its supply chain for 30 years, but we don’t have that time. We had to find a model, so we chose SCOR®.”

Another key challenge for Solectron was to clearly identify opportunities for improvement but also to prioritize and sequence these opportunities into a logical “Lean Supply Chain” improvement plan to be led by a team that will create the change necessary to see clear results in supply chain cost and customer satisfaction. The SCPI offered Solectron a formal approach to accomplish this.

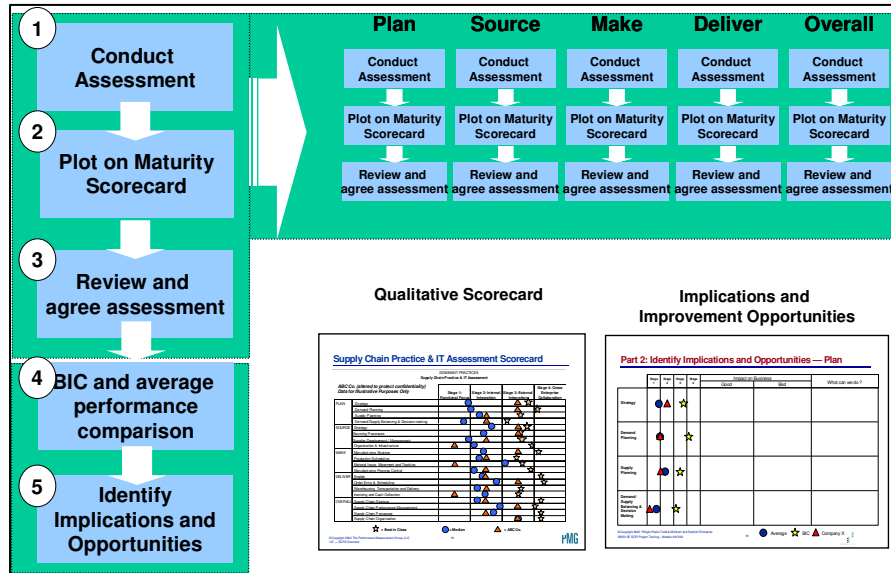
The SCPI programme has 4 main phases:



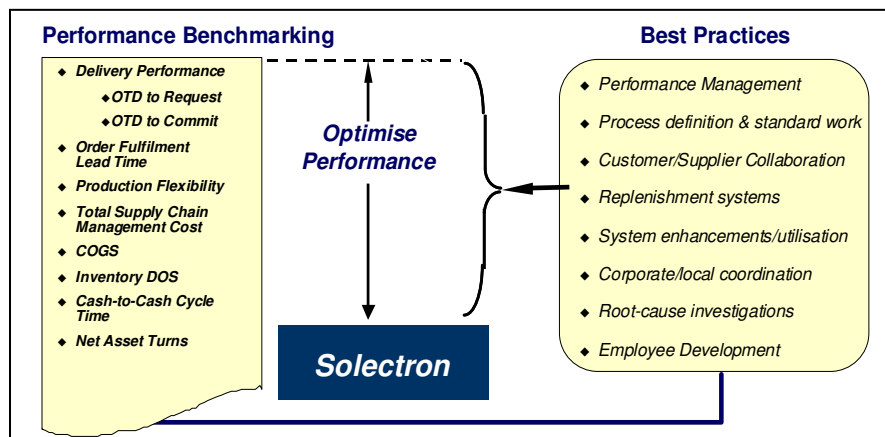
After the self-assessment process Solectron entered into the diagnostic phase which was facilitated by the SE assigned counsellor, Kent. During this phase the value of the SCPI programme was clearly recognized.

Diagnostic & Results

Cross functional workshop teams were used to identify improvement opportunities. These teams included a total 24 persons representing all the major disciplines from within Solectron including Purchasing, Planning, Operations, Warehouse, Finance, Program Management and Sales



Once the opportunities from improvement were recognised through the Performance Benchmarking done in the diagnostic stage, the project team could recognise the "room for improvement" and using SCOR® as the baseline, examined the Best Practices which could be employed to move another step forward in the continuous improvement efforts.



The Best Practice options were then prioritised and selected based on ease of implementation and biggest/quickest potential business gain. The rationalised list formed the basis of the "Lean Supply Chain" improvement plan which is currently being implemented over the course of 12 months. Additionally the improvement plan was put through the typical scrutiny of investment approval and a business plan was created to justify the needed investment for the full implementation. At a minimum, the team leading the charge inside Solectron expect a 10-fold return.

Conclusion

SE Counsellor Kent commented, "Using the SCPI programme and the SCOR® model as enablers, Solectron is implementing the very same Lean concepts into its Plan, Source, and Deliver functions to complement the success already achieved in Make. This will undoubtedly yield a very competitive supply chain optimisation and delight the customers who have chosen Solectron as their partner."

Solectron MD, Cumming added: "We'll never see our industry getting less competitive so we have to make sure we constantly improve our quality and delivery. Being in Scotland, we have to ensure that we provide value to our customers by leveraging the SCPI programme and applying our Lean principles to our entire customer value stream."