

Brief

Stamping Ideas Into Reality

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Cycle Time Reduction Challenge

Many companies facing stiff competition are seeking ways to reduce the cycle time of their products. "We've been successful in working with our vendors to reduce our cycle times," relates Kent Ruth, Supply Chain Manager at Die-Tech. "Now we are identifying ways to cut cycle time for our customers."

Ruth is excited about the potential savings for his customers. "There's a management saying that time is often more expensive than money. From that statement, it would seem the two are at odds. But I think our customers should have both."

Cycle time reduction in the procurement of material and services for his customer is Ruth's number-one goal. He analyzes each step of the supply chain with one thought in mind: How do we make this happen in less time?

When asked how a Die-Tech customer benefits from a managed supply chain, Ruth cites one recent example: A manufacturer of radio transmitters always orders leadframe products from Die-Tech once per quarter. Typical cycle time from placement of the order to delivery was 9-12 weeks. The 400 lbs of material alone needed to complete each quarter's production run took four weeks for delivery.

Cost of the material, when buying this relatively small quantity, was \$9.40 per pound. The stamped material was then sent out for post-stamping electroplating, adding three more weeks to the process. Die-Tech recommended that the customer purchase a full-year's worth of material (1600 pounds) at one time. The price of the



material at the larger volume was \$7.54 per pound, a saving of \$1.86 per pound. "That's the monetary savings," says Ruth. "The real savings was in cycle time. The material was inventoried at Die-Tech, cutting four weeks off the cycle time."

The customer realized another benefit -- stability of material costs, something very rare in the fluctuating metals market. Since they bought a full-year's worth of material, metal costs were known and stable.

In addition, Ruth set up a minimum/maximum system reorder point (also known as Kanban) for the customer. Once the material inventory falls below a minimum level, Die-Tech Customer Service calls the customer to let them know another order is needed. The customer purchases the material to projected maximum level, and Die Tech receives, stores, and maintains the metal inventory. "Instead of time and money being mutually exclusive events," explains Ruth, "the customer has found a savings in both!"

Would you like to reduce your cycle time by as much as 50 percent? Contact a Die-Tech Business Development Engineer and explore the possibilities.

Win a gift certificate! Send your suggestions for Die-Tech product improvements to ideabox@die-tech.com and you will be entered in our quarterly drawing for \$50.00.

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