

# Powder Coat Customer

## Labor Cost Reduction

Project Start Date: July, 2003

Project End Date: January, 2006

### ***Company profile***

Powder Coat Customer was founded in 1981. Today, Powder Coat Customer has four facilities that provide powdercoating. Awarded in 2003, Powder Coat Customer became the first powdercoating company in the state to pass the ISO company-wide management audit and earn certification.

Jobs usually run in large batch quantities through the powder coating application and through a furnace to bake the color onto the part. Hooks run on a conveyor system, eye level with the workers. Each hook must be given a part before being transported to the powdercoating process.

Other large jobs or highly custom jobs use a large booth for a more manual application. Powder Coat Customer prides itself with the ability to accommodate both large batch orders as well as single order jobs.

### ***Business situation***

Labor cost was approximately a quarter of the finished goods overall cost. Large setup times and changeover times contributed to this inflated cost. A high mix of product lines further complicated the scheduling of labor and hourly throughput expectations. Six facilities existed which contributed to further complexity of material movement, staging, etc.

### ***Implementation Approach***

Strategy3 quickly broke down the product mix into unique entities. Studying each family, Strategy3 assigned labor standards and run rates for each. The line speed was not increased, but rather the line was fully utilized / optimized and labor was balanced to meet the Takt time. Dedicated material staging areas were made visual on the floor for material pull signals.

The project breakdown is below:

- Develop metric boards
  - o Labor reconciliation
  - o Manpower planning
  - o Lead time reconciliation
  - o Order by order tracking
  - o On time delivery
- Development of line rates and pieces per hour
- Develop standard work layouts (define balanced work tasks)
- Implement material handling improvements
- Scheduling / Job Sequencing
- 5S of the Plant (inbound and outbound)

### **Results**

Overall labor savings dropped **from 25.2% of total cost to 18.7% of total cost.**  
Annualized savings at **\$447K. Plant consolidation from 6 facilities to 4.** Opening up two facilities allowed room for growth / warehousing opportunities.