Optimizing Your Supply Chain through Continuous Improvement

Steven Horst
Vice President, Service and Administration
Graybar

This session is eligible for 1.5 Continuing Education Hours.

To earn these hours you must:
- Have your badge scanned in and out at the door
- Attend 90% of this presentation
- Fill out the online evaluation for this session

AGENDA
- Overview of Graybar's Quality Process
- What NECA Taught Us
- CI Methodology
- Opportunity Walks
- Examples
- Next Steps

OBJECTIVES
- Educational - Continuous Improvement
- Supply Chain Utilization Improvement
Waste Opportunities (Headaches)

Top 3 Areas of Waste
- Supply Chain
- Office / Admin
- Job Site

About Us
- Founded in 1929
- $6 Billion Gross
- 6000+ Employees
- 280+ Locations
- ISO 9001-2008

The year was 2007

Process Improvement
CI Organization

- Executive Team
- Director of Quality and Service
- Certified Continuous Improvement Leaders – ASQ
- Everyone

Continuous Improvement Elements

- Analytical
- Teamwork

Process Improvement Methodology

1. Team Recommendations
2. Evaluate Problems
3. Analyze Data
4. Implement Recommendations
5. Improve Process
6. Develop Objective
7. Monitor & Manage
8. Share Best Practices
Cost Savings to Date

$97,000,000

Team Roles & Responsibilities

Graybar ESP
Construction Research Council
Keys To Successful Customer/Supply Chain Relationships

- Know your customer needs they must be our primary focus
- Know your supplier chain and its capabilities
- Develop an on-going performance feedback system including measurements
- Understand we are all interdependent
- Remember that we can’t tell each other everything

Major Interfaces That Cause Waste
Waste Is Like An Iceberg

**What You See**
- Scrap
- Delivered problems
- Excess inventory
- Customer dissatisfaction
- Downtime
- Long cycle time

**What You Don’t See**

Our Process – Supply Chain

**Supplier** - Anyone/anything that provides input to my work

**Customer** - Anyone/anything that receives or uses the output of my work

All Work Is Part Of A Process
All work is part of a process.....

If you don’t like the results.....

Only work on what matters?

- Identify the vital few areas where you must excel
- In these vital few areas, identify the waste
- Quantify the waste in dollars
- Set priorities
- Move into action!
Deciding what to work on

Search For Opportunities

- Gather as much data and information as possible about the area in which you will search
- Develop a list of specific waste opportunities
- Quantify the items and apply other criteria for prioritizing
- Prioritize and select area to work on

Waste Opportunities (Headaches)

<table>
<thead>
<tr>
<th>Examples of Waste</th>
<th>Formula</th>
<th>Savings per Employee $</th>
<th>Savings per Year $500</th>
<th>Savings per Year $1000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ineffective meetings</td>
<td>15%</td>
<td>$200/yr</td>
<td>$2000</td>
<td>$4000</td>
</tr>
<tr>
<td>Inefficient approvals</td>
<td>10%</td>
<td>$50/yr</td>
<td>$500</td>
<td>$1000</td>
</tr>
<tr>
<td>Exercise</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
How To Look For Waste

1. Follow the Market
2. Follow the Money
3. Follow the Systems & Processes
4. Follow the Time
5. Follow the People
6. Look at the Interfaces
7. Imagine "Perfection"

Selecting Projects

Typical Guidelines

<table>
<thead>
<tr>
<th>Guideline</th>
<th>Scoring</th>
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<tbody>
<tr>
<td></td>
<td>9</td>
</tr>
<tr>
<td>1. Speed to initial results</td>
<td>&lt; 2 mo.</td>
</tr>
<tr>
<td>2. $ value within 12 months</td>
<td>&gt; 250k</td>
</tr>
<tr>
<td>3. Within our control</td>
<td>Totally</td>
</tr>
</tbody>
</table>

Project Selection Example

<table>
<thead>
<tr>
<th>Potential Projects</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9</td>
</tr>
<tr>
<td>1. Selection errors</td>
<td>9</td>
</tr>
<tr>
<td>2. Stockouts</td>
<td>3</td>
</tr>
<tr>
<td>3. Equipment reliability</td>
<td>1</td>
</tr>
</tbody>
</table>
Effective Use of Teams

Clearly Define The Project and Select Your Team

- Develop the team charter
  - Identify sponsor, team leader, team members and facilitator
- Develop a project plan and schedule

What is a team?

High Performance Teams excel in 3 major areas:

- **Direction** — what are we trying to accomplish
- **Execution** — what actions we take
- **Results** — what outcomes we achieve
Team Roles & Responsibilities

Continuous Improvement Change Types

- Projects
- Implementations
- Quick Wins

Process Improvement Methodology
OPPORTUNITY WALKS

SOLUTIONS BUILT FOR YOU...

NOT THEM

Opportunity Walk

- Proven method for identifying opportunities to reduce waste in the work you do and how you do it
- Driven by Graybar’s Continuous Improvement department
- Can target a variety of areas
Why perform an Opportunity Walk?

- Identify areas for improvement
  - Purchasing
  - Billing
  - Receiving
  - more...
- Identify service solutions right for you
  - ASNls
  - Order Acknowledgement
  - E-Invoicing
  - Kitting
  - Scheduled Shipments
  - Summary Billing

Customer Benefits

- Provide an effortless experience
- Identify Service Solutions
- Improve productivity
- Decrease business costs
- Increase sales and profits

Supply Chain Improvement

Real World Examples
**Integrated Supply**
- Kitting of all Material
- Only Delivered what could be installed
- Saved over 25% jobsite labor estimate*  
  (The Project Manager saw a savings of 25%)

**Smart Stock Job Carts**
- Jobsite Labor Reduction
- Increased productivity
- Inventory Management
  - Barcoding

**Cost Saving Estimates**
- Cost to build a cart
  - $1,000/Cart x 3 = $3,000
- Delivery cost
  - $50/Cart x 3 = $150
- Estimated labor reduction
  - 30% Labor Savings
- Material replenishment cost (average 1 order/week)
  - $100/PO x 25 wks = $2,500
- Total Hard Cost Savings
  - $7,150.00
SmartStock Plus Mobile App

- Target Customers
  - Customers managing inventory
    - Storeroom/pre-fab
    - Warehouse
    - Job Trailer
    - Service Trucks
    - Job Carts

Fixture Carts

Cost Saving Estimates

- Estimated labor reduction
- 20% Labor Savings
- Total Hard Cost Savings: $200
Cost Saving Estimates

- Cost Saving to rent a trailer: $750 per month = $9,000 annual
- Administrative cost: $40/KP 30 = $1800 annual
- Estimated labor reduction: 10% Labor Savings = ??
- Material Replenishment cost: $125/KP x 30 weeks = $3,750

Total Hard Cost Savings: $14,450.00

Opportunity Walks... see the Forest:

- Opportunity Identification
- Solution Exploration
- Solution Development
- Solution Implementation
- Solution Evaluation

2015 NN
Results you can expect

- Higher levels of customer satisfaction
- Substantial and sustainable improvement in your key performance measures
- Stronger competitive position
- More effective partnership
- Higher level of employee involvement & development
- Improved bottom-line results!

"Individual commitment to a group effort—that is what makes a team work, a company work, a society work, a civilization work."

- Vince Lombardi

Summary

- Work on what matters, with urgency
- Use a fact-based methodology
- Be driven by customer requirements
- Identify and quantify the waste
- Use project teams to eliminate waste
- Celebrate the wins!
Next Steps

- Talk to your Sales Reps about CI
- Ask to have a CI Leader Visit
  ▪ Learn more about CI / Training
- Discuss the need for an Opportunity Walk

Questions

Up Next: Interactive Break in the Mezzanine
- Taking Your Company’s Safety Training to the Next Level: Augmented Reality
- It is Not How Much Money You Get, but How Much Money You Keep
- Verizon M2M-Wireless Hub
- How to navigate necanet.org
- Profile of the Electrical Contractor