

RABIT™ CASE STUDY

MAY 2014

“Everyone knows their own area, but the RABIT contributed to a better understanding of the entire process from spec to finished product. Better knowledge of each other’s responsibilities and challenges contributed to better cooperation and better performance.”

—Purchasing Manager

Supplier Increases Throughput by 50%, Reducing Backlog by as much as 87.5%

CHALLENGE

A 7% due date performance threatens a crucial business relationship

A leading oil and gas industry parts manufacturer based in Norway was under contract to supply Subsea Power Control Units (SPCU) and Subsea Power Control Test Units (SPCTU) to a prominent customer, a leading global provider of energy industry technology. But the customer’s rapid growth rates put pressure on demand. Unable to keep pace, the company met only seven percent of the original delivery due dates, forcing their customer to compensate with expensive overtime, and to incur additional costs from their customers who used the delays to submit time and resource consuming change requests.

SOLUTION

Coordinate teams, visualize process and take rapid action to remove bottlenecks

Once on the scene, Pinnacle Strategies began with opening communications among all parties so that they could cooperate as one cross-functional, cross-organizational team with a common goal—delivering more product, on time. Pinnacle consultants created a Rapid Analysis and Bottleneck Improvement Team (**RABIT™**) to create a visual representation of the workflow—a Value Stream Map—which exposed the current status of work and in which places they were stuck.

Together, they reached consensus on the core issue: the bottleneck in the Detail Design Engineering process where resources made drawings and documentation. But the team challenged the assumption that the solution lay in the hiring of more engineers. When the team of engineers in the department was interviewed, they revealed that only twenty to thirty percent of their time was dedicated to design engineering; the remainder was spent fielding customer calls and addressing other urgent administrative issues.

Recognizing the need to redirect engineer activity to work that mattered—drafting designs —The team implemented a multi-part solution that included:

SHIFT NON-VALUE ADDED WORK ELSEWHERE Further interviewing found that two of the engineers wanted to spend more time creating designs, and two were more interested in project management. By reshaping their roles—and without having to hire more staff—the client was able to shift administrative duties away from two engineers; these two then concentrated almost exclusively on the value-added work of drafting designs.

CLIENT OVERVIEW

REGION

Scandinavia

INDUSTRY

Oil and gas industry technology design and manufacturing

CUSTOMER PROFILE

Manufacturer of electro-automation products for subsea and land-based oil and gas applications

BUSINESS SITUATION

The client was only able to reach a seven percent due date performance for its largest customer

SOLUTION

After organizing a **RABIT™** that exposed challenges and opportunities, Pinnacle Strategies led a multi-part improvement plan that allowed engineers to concentrate their efforts on what mattered most: making designs and documentation for projects in progress

RESULTS IN NUMBERS

INCREASED ENGINEER

PRODUCTIVITY **300%**

RESOLVED **87.5%** OF THE
SPCTU BACKLOG

RESOLVED **75%** OF THE
SPCU BACKLOG

INCREASED OUTPUT OF SPCUS **50%**

VISUALIZE CAPACITY They created a common calendar on which engineers placed one of three colored squares to indicate their daily activity for a given project: green for the ability to give 80% of their time to the project; yellow for four to six project hours; and red for less than four hours of value-added time. By exposing the true capacity of its engineers, management was able to direct help to those engineers who needed it. In just two weeks, the team found previously “hidden” capacity, increasing project-oriented work from just 20%-30% of the team’s time to more than 60% of it.

STAGGER SPEC RELEASES Engineers were delayed by the lack of necessary specifications from their customers. The **RABIT** team changed the process to release project specs in three stages—procurement, production, and testing—so that the company could secure necessary long lead-time supplies without waiting for the full specification sets.

CLARIFY PRIORITIES The company’s customers applied contradictory pressures, forcing the supplier to switch frequently among projects. This multi-tasking was found to be a major contributor to lost productivity. The **RABIT** team eliminated the wasteful multi-tasking by managing and controlling priorities so that each project was placed in sequence, allowing engineers to complete their work without stopping.

STANDARDIZE UNITS At the company’s customer site, as many as fifteen to eighteen different part numbers were applied to similar test units sent to different end customers. To reduce confusion and inefficiency, the number of SKUs was reduced to just two.

RIGHT-TIME INVENTORY No one wants the expense of carrying too much inventory, but the company suffered delays when critical parts ran out. The **RABIT** team created a replenishment model that alerted managers to declining supplies, ensuring that the right parts were in the right place at the right time.

RESULTS

Output increased 50%

By implementing a multi-faceted solution that emerged from the Pinnacle Strategies **RABIT™**, the company was able to increase the proportion of time its design engineers applied to project work from 30% to 90%. The backlog of orders for SPCTUs dropped by 87.5%; the SPCU backlog fell by 75%. Overall SPCU throughput increased by 50%.

According to one of the customer’s Purchasing Manager, “Everyone knows their own area, but the **RABIT™** contributed to a better understanding of the entire process from spec to finished product. Better knowledge of each other’s responsibilities and challenges contributed to better cooperation and better performance.”

The **RABIT** approach identifies process bottlenecks and implements a strategy that relieves them quickly, usually within a matter of weeks. It uses a proven, built-from-within, “focused team” approach to make an immediate, significant impact on production processes.

Clients who have used the **RABIT** process report rapid results that include:

- Production increases of at least 20% in two months without additional costs
- Labor productivity increases and associated reduction in costs
- Improvement of on-time delivery performance



BEST PRACTICES SOLUTIONS

Pinnacle Strategies is an international management consulting firm focused on operations management excellence. We work with organizations to increase shareholder value by developing high-performance business processes that significantly enhance productivity, reduce costs and time to market, improving profitability and accelerating sustainable growth. Pinnacle Strategies offers results-driven consulting solutions in the areas of performance management, project management, operations management, and supply chain.

ELEGANT SOLUTIONS TO COMPLEX PROBLEMS

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info@pinnacle-strategies.com
or **+1 (972) 492-7951**

