KOSTAL OF AMERICA
CREATING CAPACITY VISIBILITY TO SAY YES TO NEW BUSINESS

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The KOSTAL Group, an independent, family-managed company headquartered in Germany, develops and manufactures technologically demanding electrical, electronic and mechatronic products. KOSTAL North America, KONA, is a subsidiary of KOSTAL, with manufacturing plants in Mexico, KOMEX. KOMEX utilizes equipment and the production lines with a limited capacity, and for new business requests used a manual capacity analysis process, which was both cumbersome and lengthy often taking weeks to months to deliver a complete answer, thus diminishing KOSTAL’s customer credibility. Current estimates are that 15% of the new business was primarily lost due to the delays in the decision making process and due to the inability to demonstrate the business preparedness.

To address these issues, firstly, the team developed a capacity visibility solution suite, New Horizon, which helps both the sales and the production teams to get visibility of machine and tooling capacity across all the major process areas for all the plants over a time horizon of seven years, including short term and long term forecasts. With five new features, including a critical what-if analysis feature in the solution, the time to generate factual information was reduced from five weeks to one. With 80% faster decision making process, sales team expects top line impact of 10% year on year, a significant multi-million growth.

Secondly, the team used New Horizon suite to identify a new opportunity in the injection molding process and drove a continuous improvement project, project Kaizen, using Single-Minute Exchange of Die (SMED) - a Lean tool - to improve the operational effectiveness. Without significant investment the change over time was reduced by 50% and the man hours by 64%. The overall savings in the injection molding process area in KOMEX 1 plant was estimated at 58% from reduced inventory, 22-25% from reduced raw material, and 3-5% from reduced scrap material, a considerable multi-million savings each year.

Finally, to realize further strategic and operational benefits the team proposed recommendations and developed a 17 month future plan for both the projects.

In conclusion, the team is confident that the projects New Horizon and Kaizen will give KOSTAL advantages in strategic positioning and operational effectiveness to create more with less for the customers.