



WCM

(World Class Manufacturing)



Ing. Luis Barcón



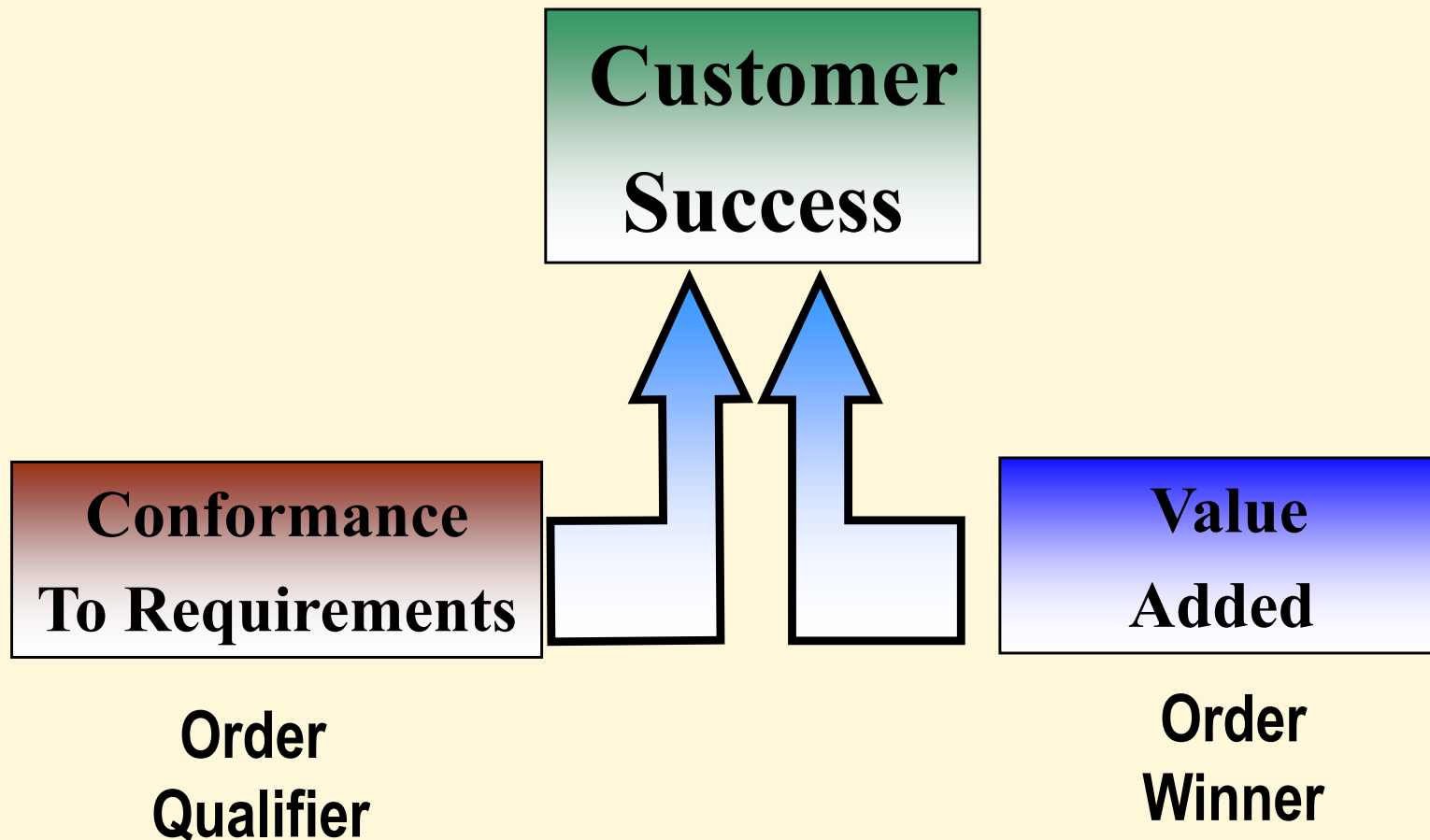
**Strategy without Tactics is
the Slowest Route to
Victory.**

**Tactics without Strategy is
the Noise before Defeat.**

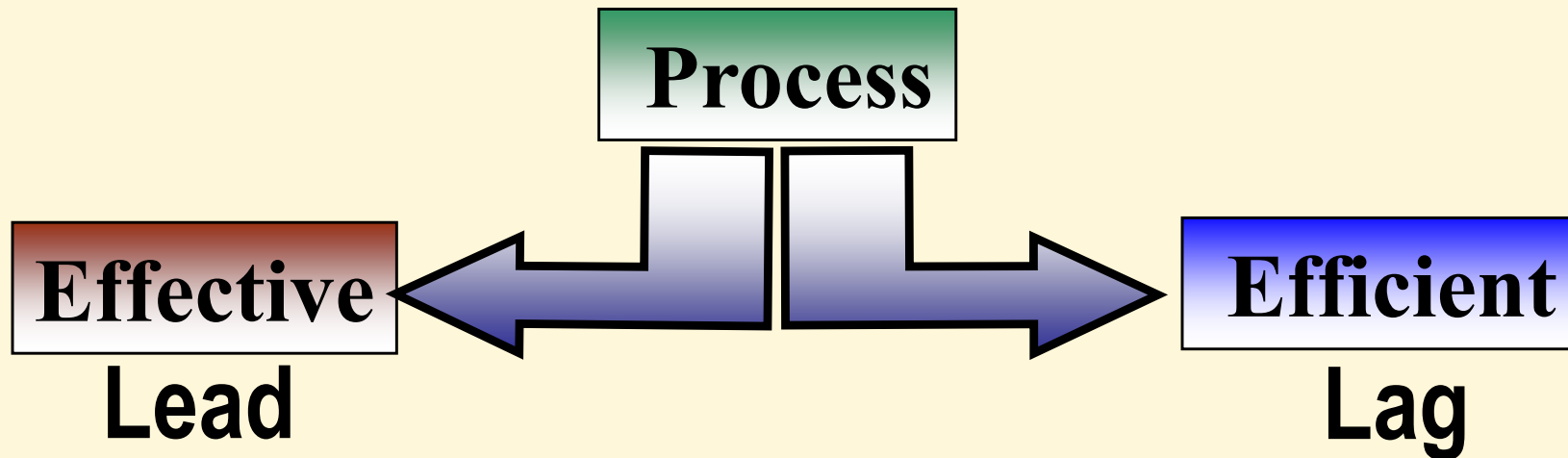
Sun Tzu

“The Art of War”

Which is the Purpose of an Enterprise?



Which Ingredients Must a Process Should Have?

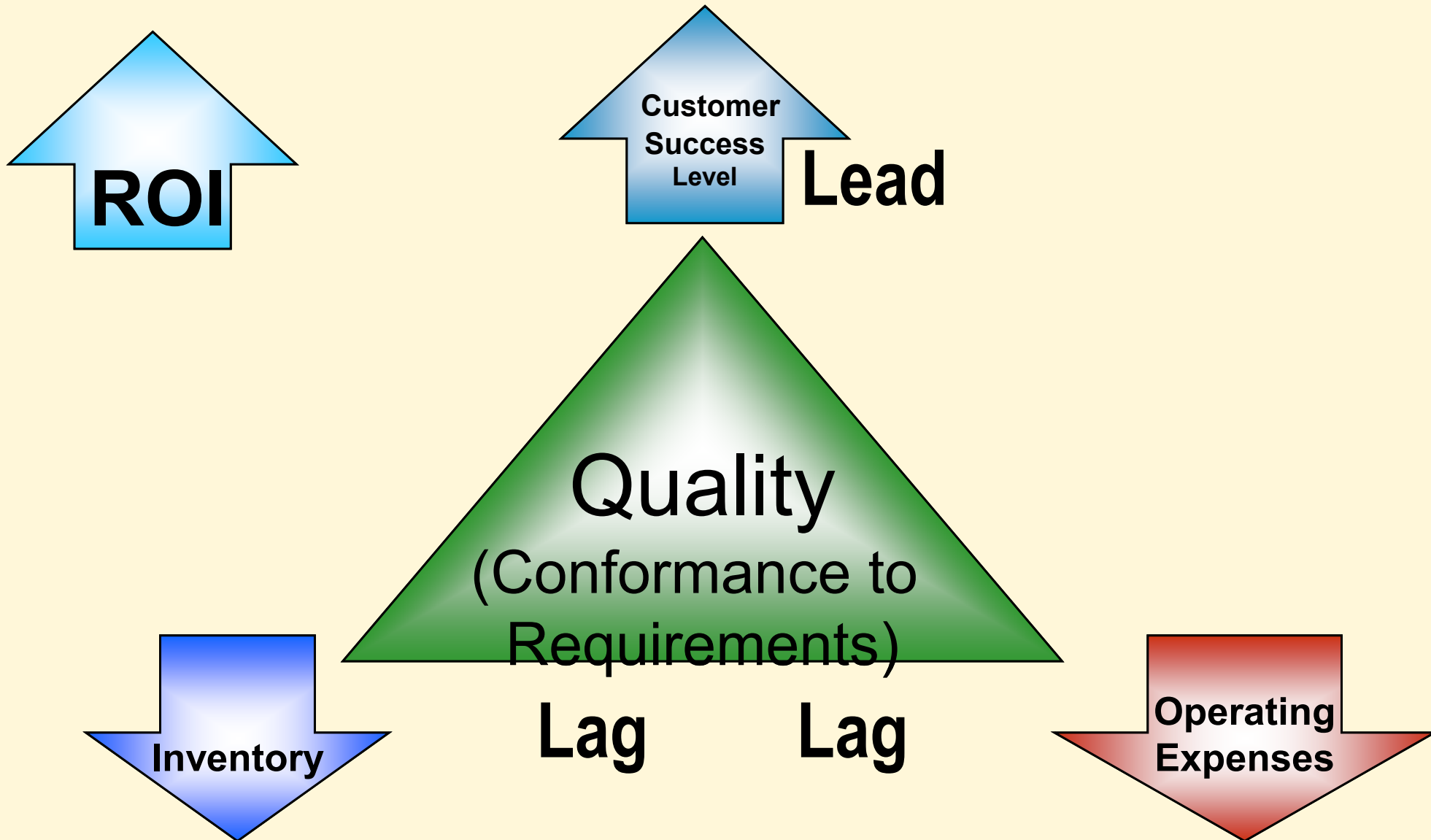


**“There is nothing more
absurd than doing
Efficient a Process that
we shouldn’t be doing
at all.”**

Peter F. Drucker



Goal of the Enterprise



Value

Total customer value

- Product value
- Services value
- Personnel value
- Image value

Total customer cost

- Monetary cost
- Time cost
- Energy cost
- Psychic cost

**Customer-
delivered
value**

**“Profit is the Applause
that we receive from
taking care of our
Customers and creating a
motivating working
environment for our
People.”**

Ken Blanchard and Marc Muchnick



Our Strategy

The original Greek verb ***Stratego***, means, ***“to plan the destruction of one’s enemies through the effective use of resources”***

Unfortunately, strategic management often yields less than the desired results because strategy is often defined and measure in terms of competition.

A real an effective strategic focus helps the organization to obtain “Customer Success” ; not just beat the competition.

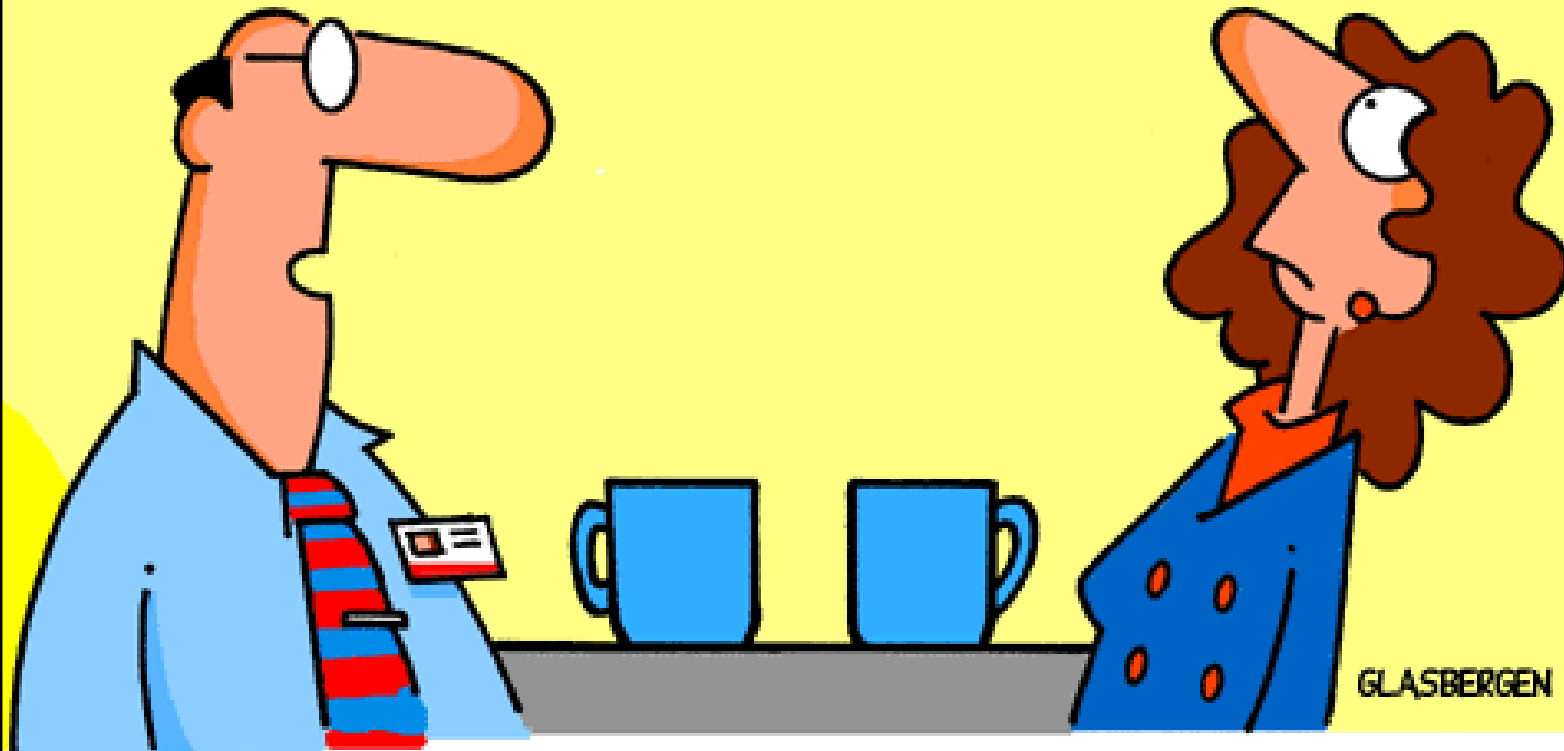
Always listen to your Customers!!!



A Corporate Strategic Model

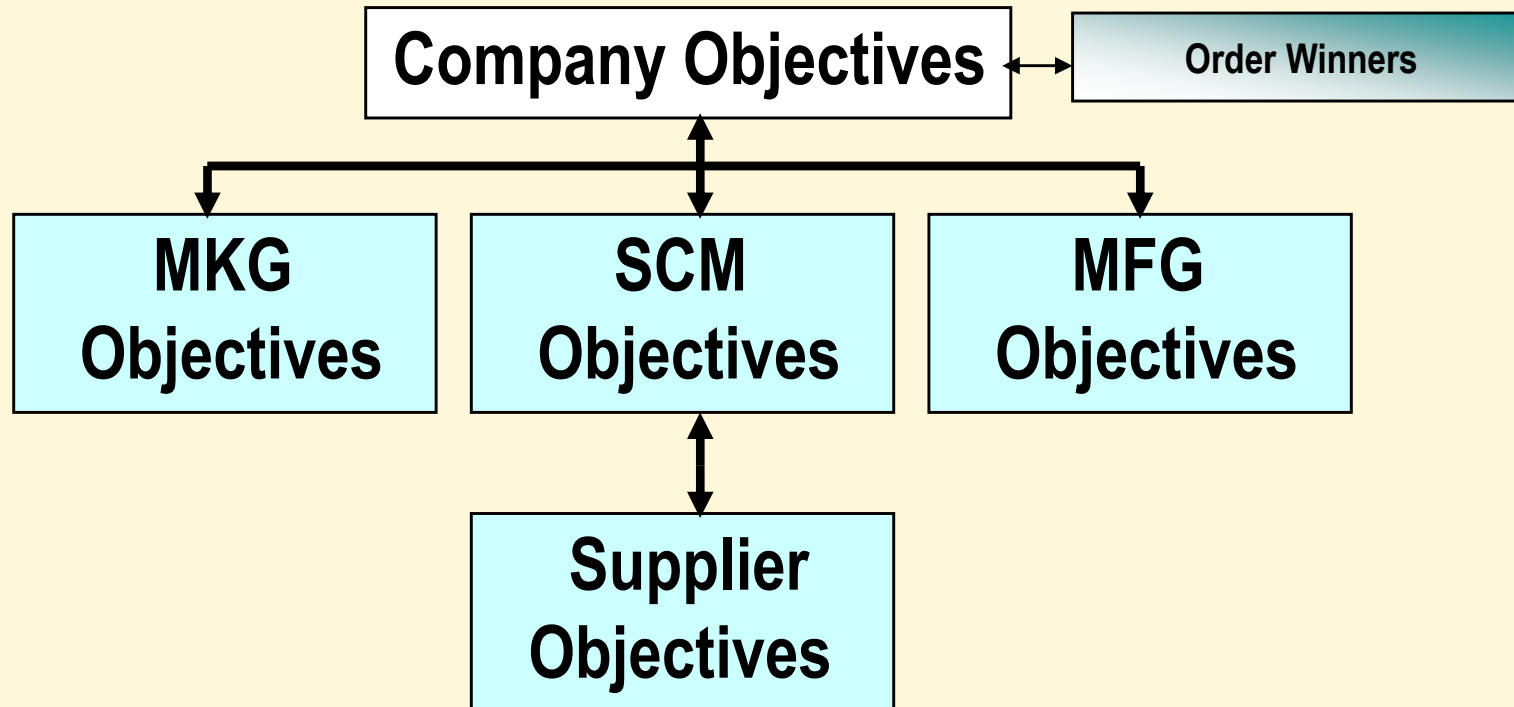


JUST LET ME MAKE IT TO
RETIREMENT WITHOUT
STRANGLING ANYONE



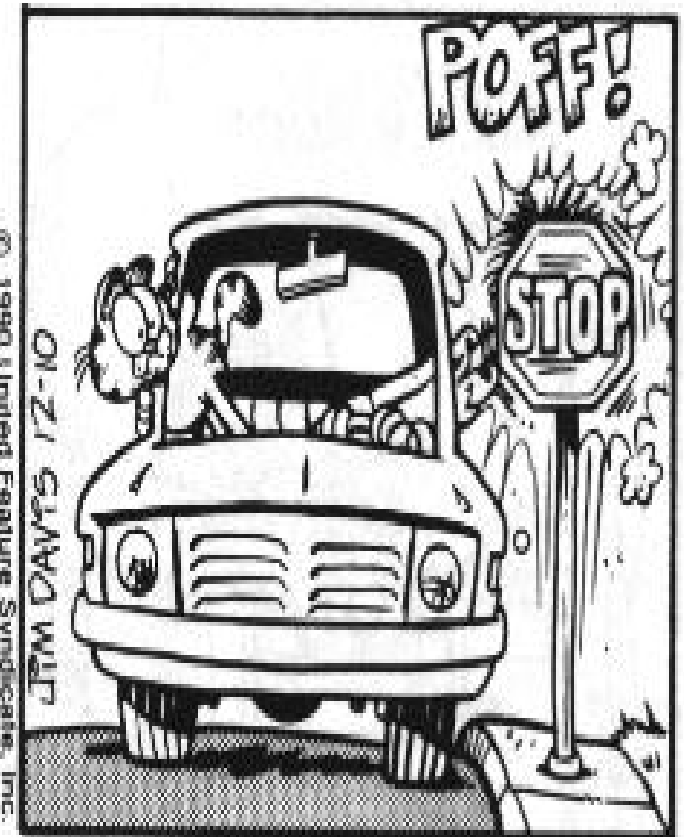
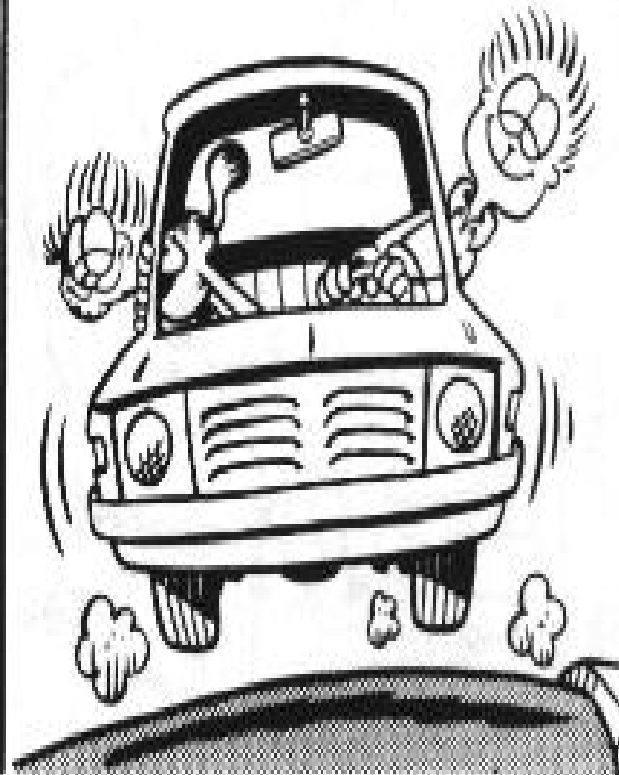
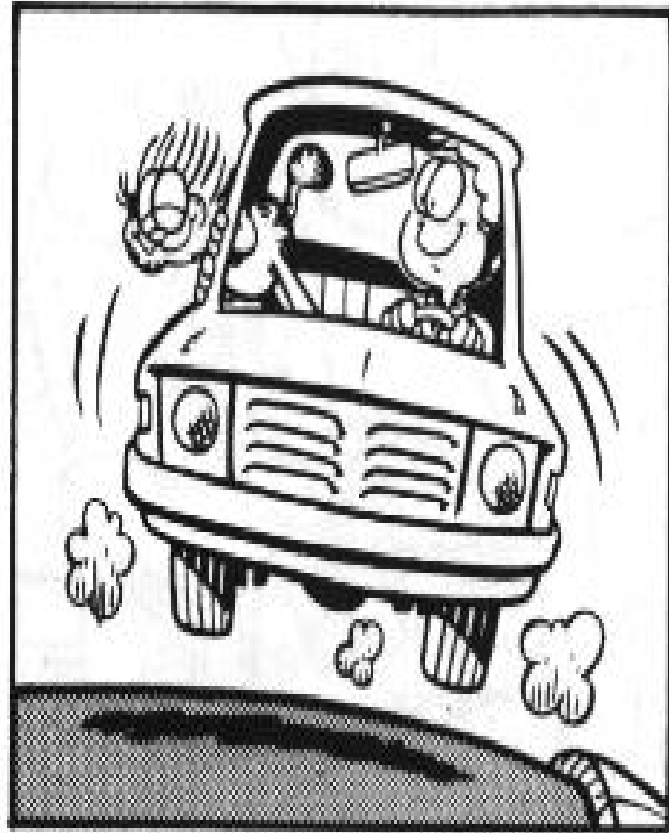
"That's our mission statement."

Strategy Linkages



All Measurements Should be Aligned to Help the Organization Attain their Objectives.

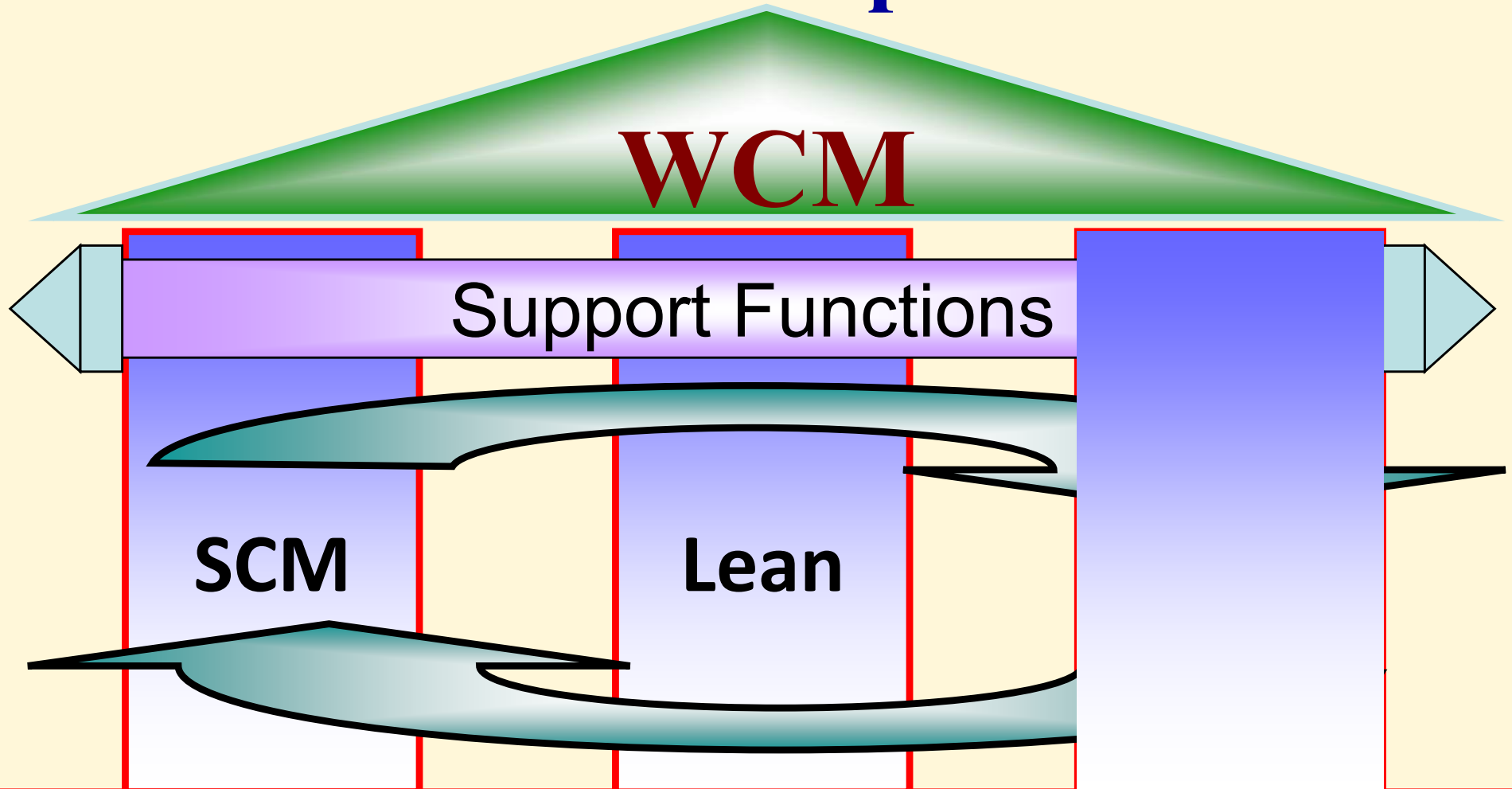
What suits one customer might not suit the next



What is WCM?

“WCM is a Holistic and Long Term Success Strategy, to Obtain Customer Success and Increase Profits for the Company”

WCM Conceptual Model



Enterprise Culture, People Involvement, Innovation, Information Planning Systems (MRP-II/DRP-II), Leadership

What is SCM?

Operational descriptions of SCM vary greatly and change rapidly as organizations gain experience. Supply Chain leaders emphasize the following themes as part of their organizational cultures.

- **Open communication**
- **Investment in people**
- **Investment in information technology**
- **Relentless pursuit of customer satisfaction**
- **Recognition of the importance of inter-organizational collaboration**



What is SCM?

“Supply Chain Management is the design and management of seamless, value-added processes across organizational boundaries to meet the real needs of the end customer. The development an integration of people and technological resources are critical to successful supply chain integration.”

“Extended ERP Class A”



Technology



What is 6 σ /TQM?

“TQM is a Management Approach to Long-Term Success through Customer Satisfaction. It is based on the participation of all members of an Organization, and their Partners, in improving processes, products, services and the culture they work on.”

“6 σ is TQM on Steroids”

What is Lean Manufacturing?

“A philosophy of production that emphasizes the minimization of the amount of all the resources (including time) used in the various activities of the enterprise. It involves identifying and eliminating nonvalueadding activities in design, production, supply chain management, and dealing with the customers. . . .”

“Lean is JIT on Steroids”



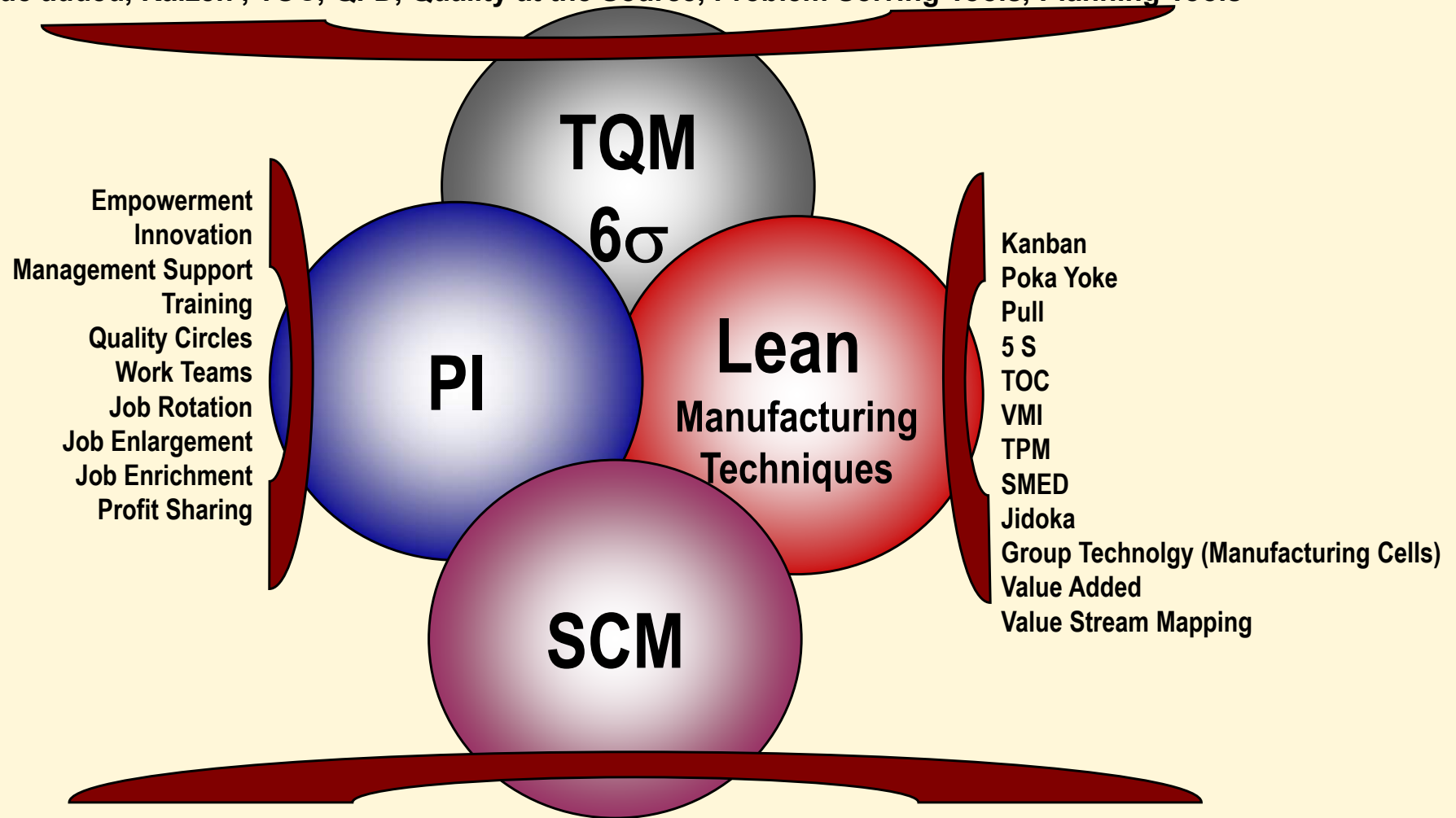
What is PI?

“The concept of using the experience, creative energy (innovation), and intelligence of **all employees** by treating them with respect, keeping them informed, and include them and their ideas in decision-making process (Empowerment).”

WCM

Systems, Philosophies, Methodologies

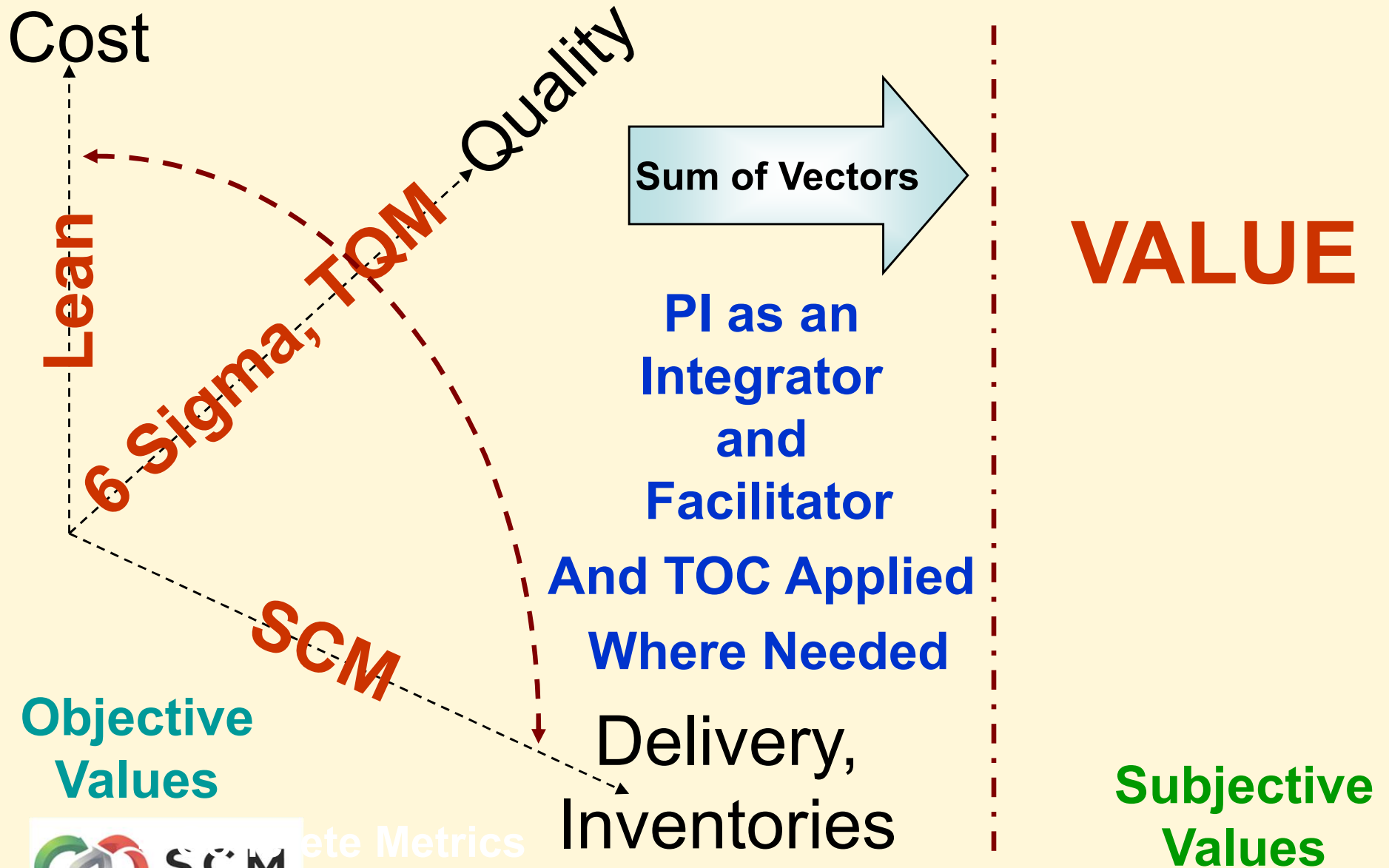
Value added, Kaizen , TOC, QFD, Quality at the Source, Problem Solving Tools, Planning Tools



MRP-II/DRP-II, TOC, ERP, B2B, Planning, Purchasing, Distribution, Outsourcing

WCM

Value Vectors, where do they help more?



ete Metrics

Delivery,
Inventories

Outsourcing



“We found someone overseas who can drink coffee and talk about sports all day for a fraction of what we’re paying you.”

Support different situations by specific tools!



Key Point

Replacement of Traditional Measurements in Place, Including Accounting Ones, with Measurements that Support and Enhance WCM (EVA, ABC, ABM, TOC Costing)

How do We know that we are on the right track to WCM?

- We need a Reference and Benchmarking Model!!

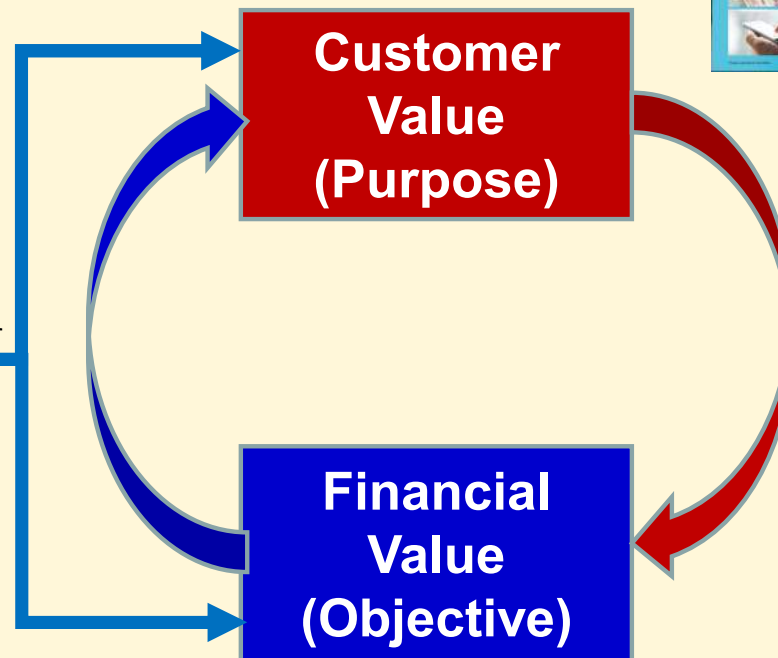
Class A in Operational Excellence



What does Class A Provides?



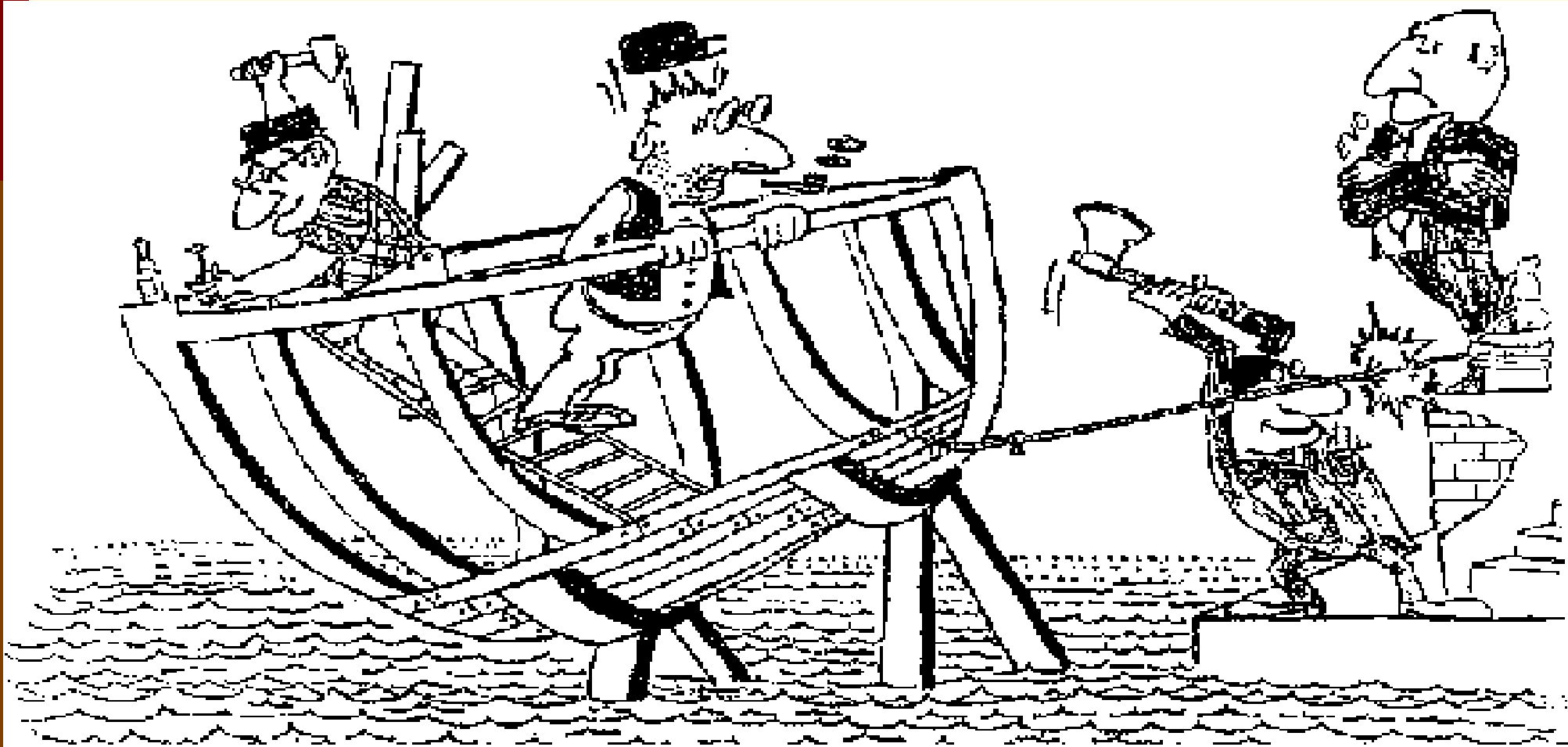
**Operational
Excellence**



**Goal of the
Enterprise**

Key Implementation Points

- Top Management Commitment and Support
- Education and Training
- Consulting
- Partnerships and Strategic Alliances with Key Customers and Suppliers



First, Fix the Boat!!!!

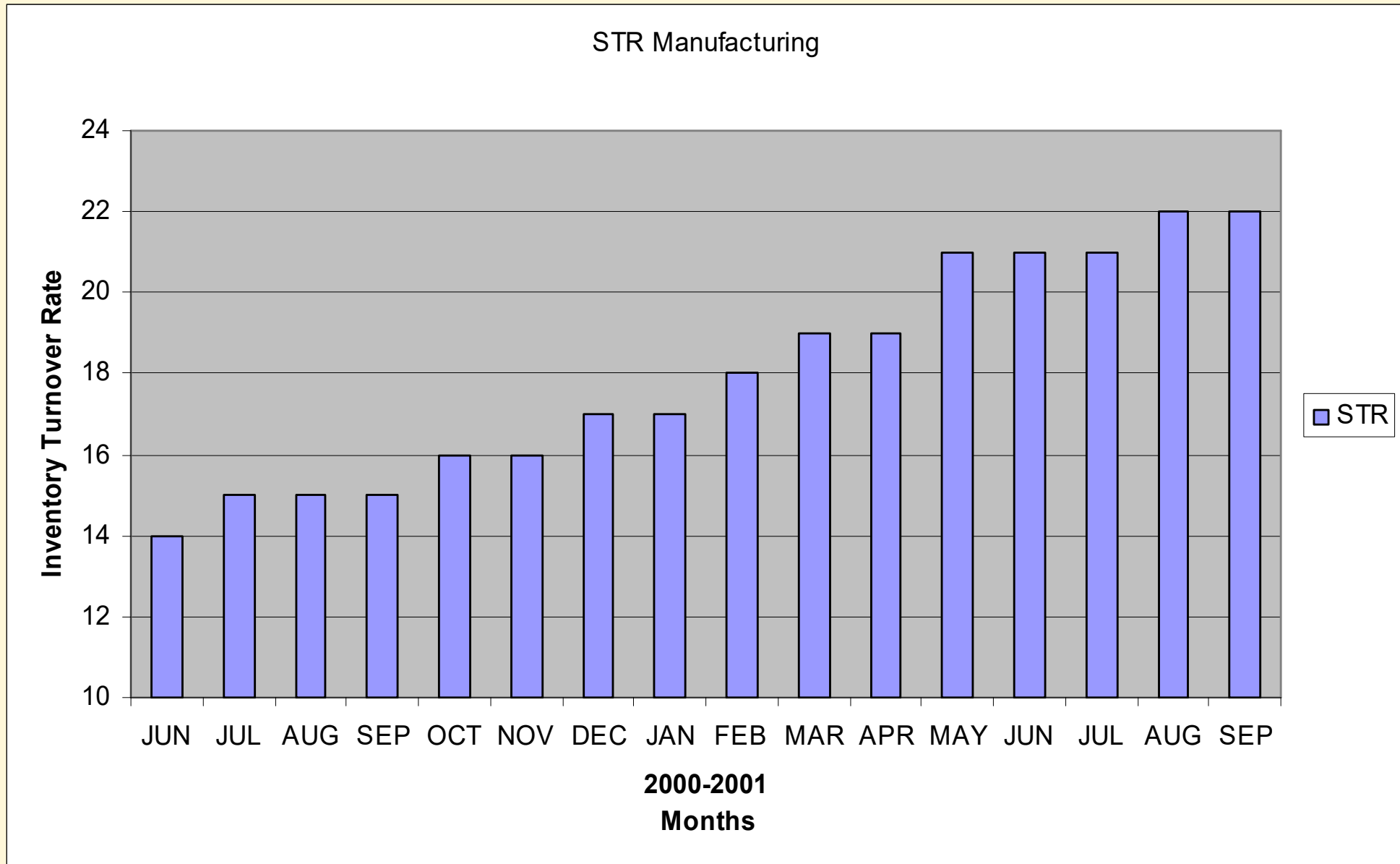
Some Measurements used at the Award Process

- Customer PPM rejects
- Cash Conversion Cycle = Inventory (Days) + AR (Days) – AP (Days)
- Dock to Dock (Throughput Time)
- Unplanned Scrap Rates
- Inventory Turnover Rates at Raw Materials, WIP, Finish Goods and Distribution
- Value Added per Payroll \$
- Value Added Ratio
- Cycle Time (Suppliers – End user)
- PTS, SDP, LIFR, PIFR
- Delivery Lead Time to Customer (From Order Entry to Reception)
- Logistics Costs VS Net Sales

Some Average Benefits of Becoming WCM

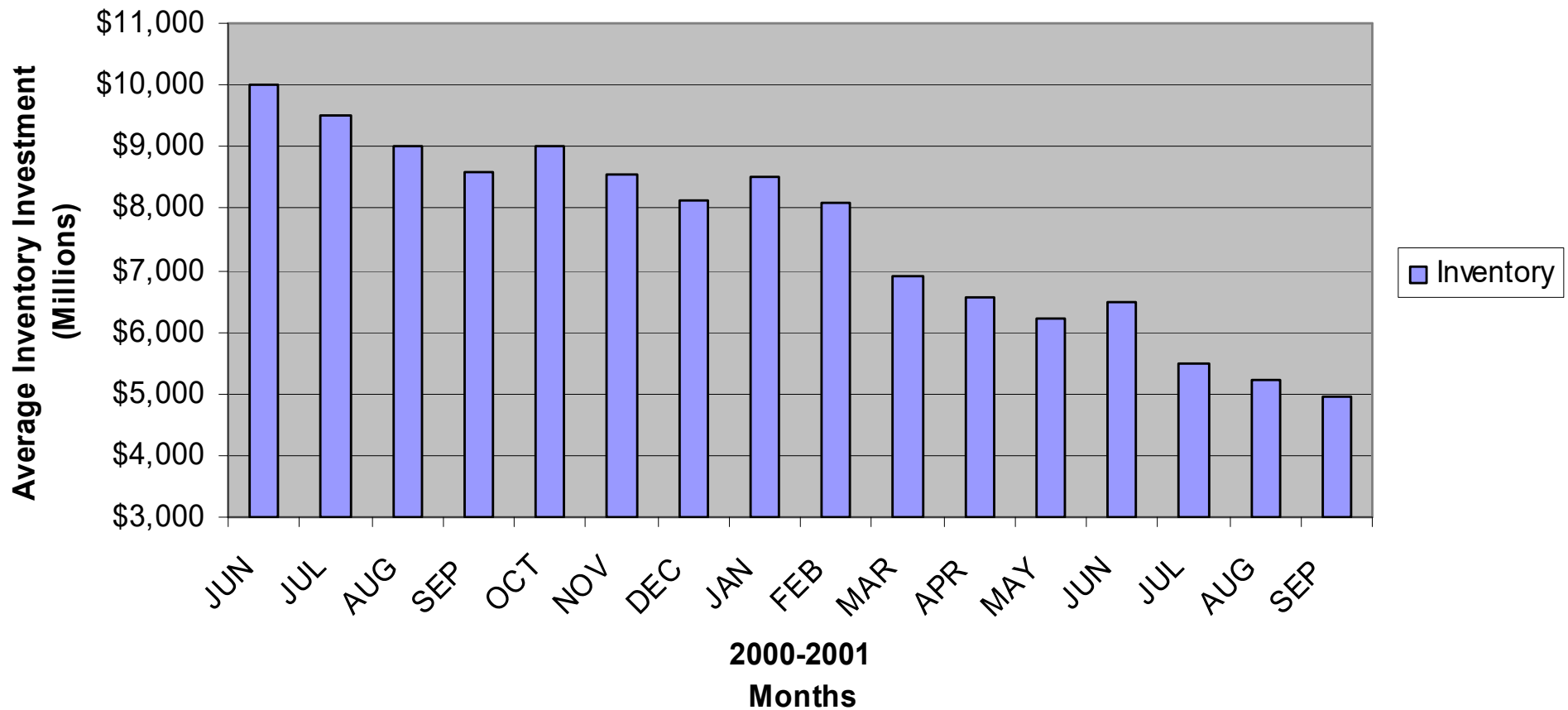
1) Inventory Reduction	30%
2) PTS Improvement	25%
3) SDP Improvement	30%
4) Quality Costs Reduction	10%
5) Total Operating Costs Reduction	20%

Real Company Data



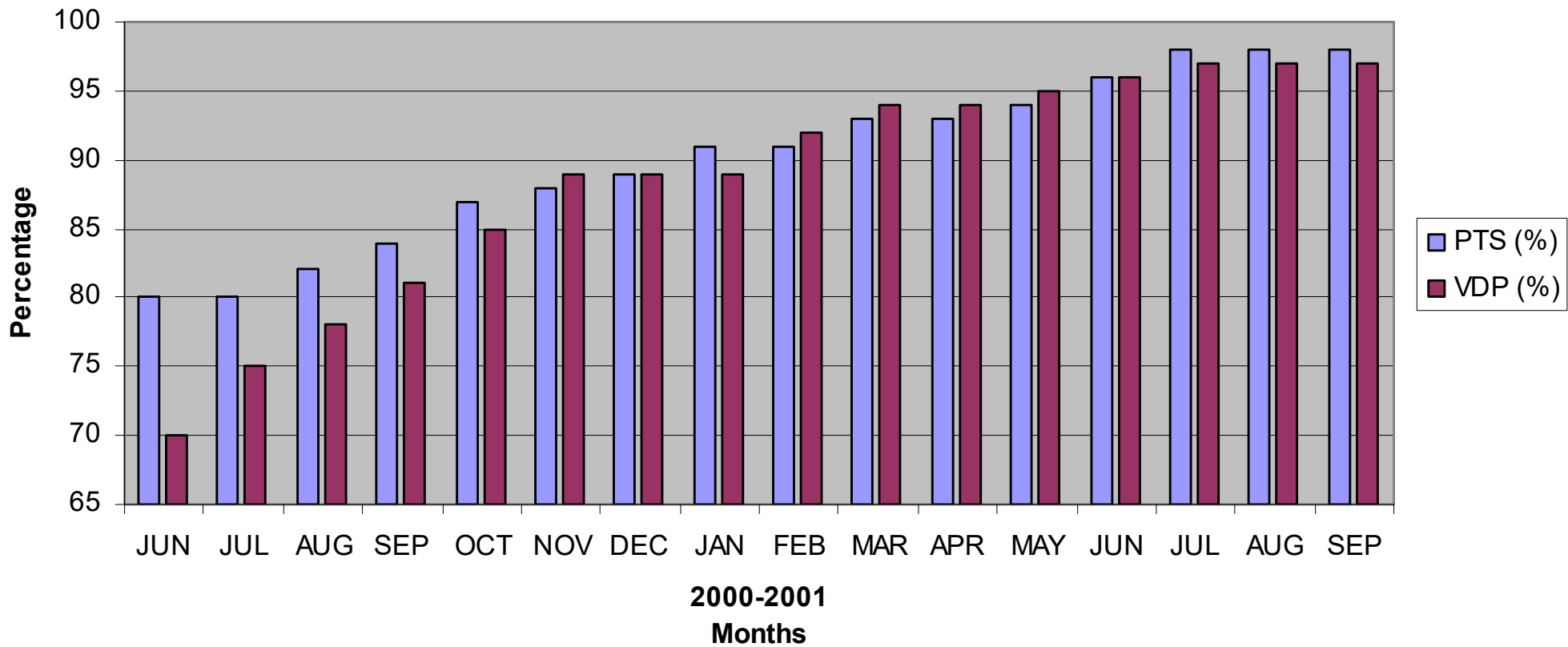
Real Company Data

Inventory Reduction in Manufacturing
(5 US Millions)



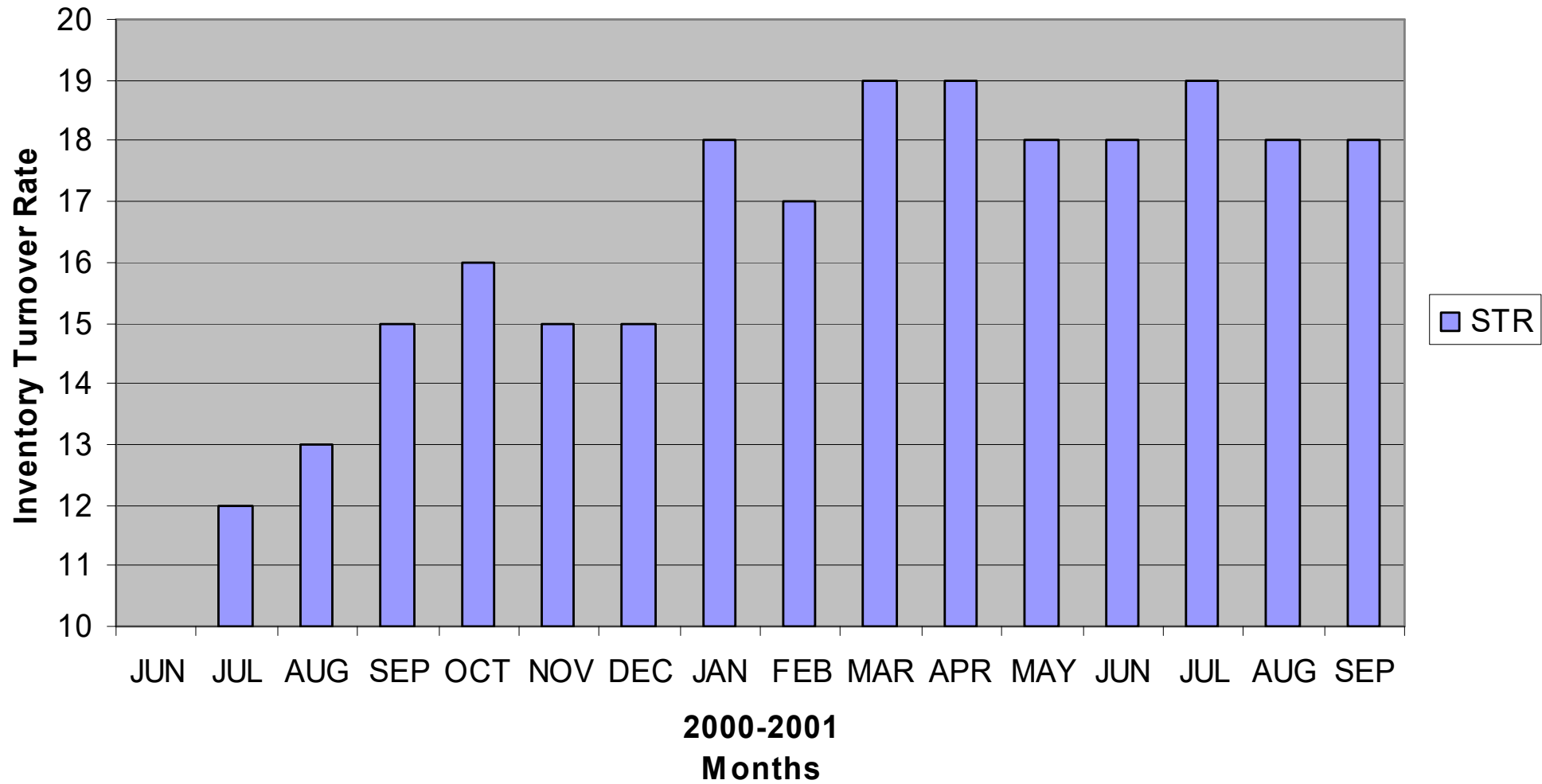
Real Company Data

Performance to Schedule & Vendor Delivery Performance

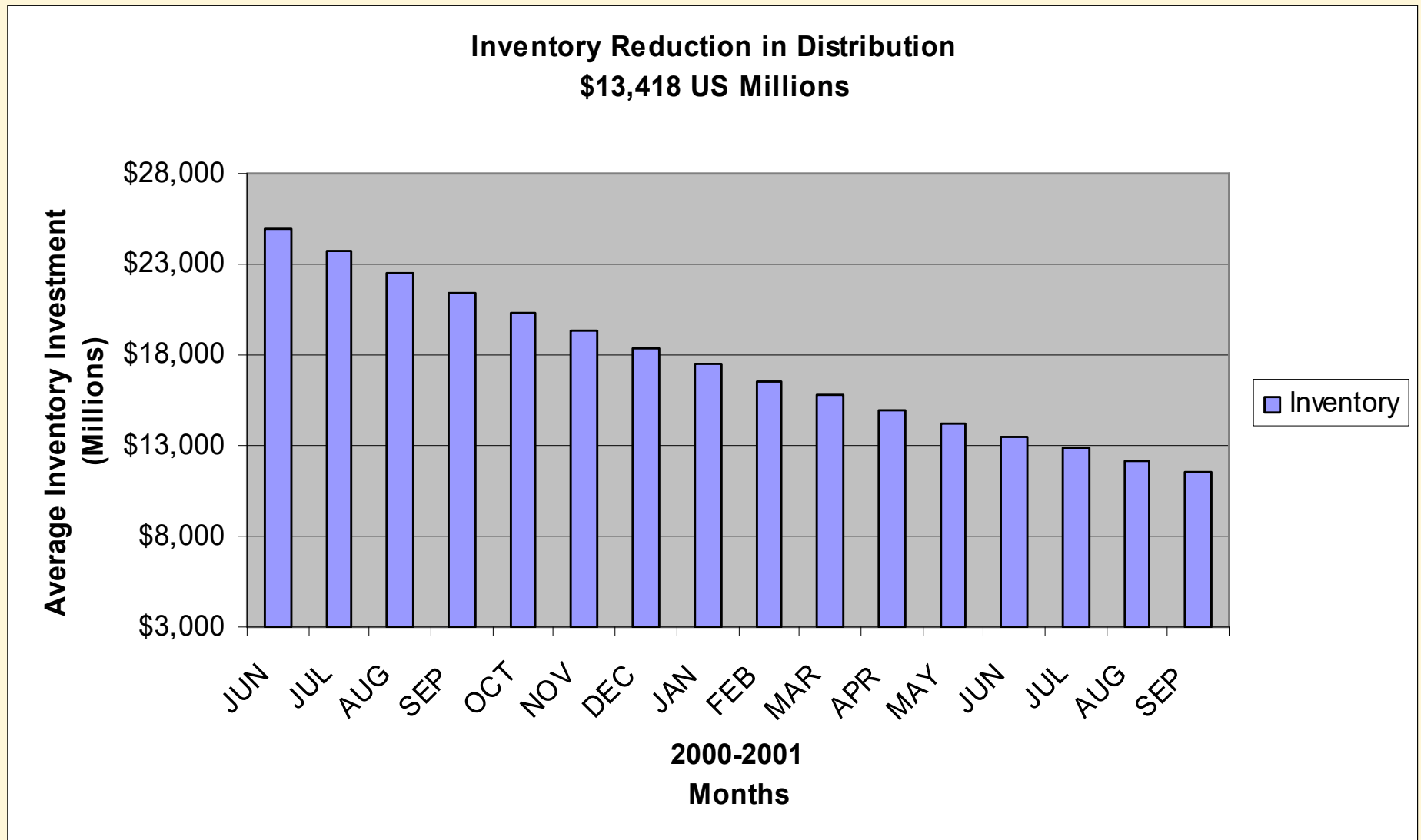


Real Company Data

STR Distribution

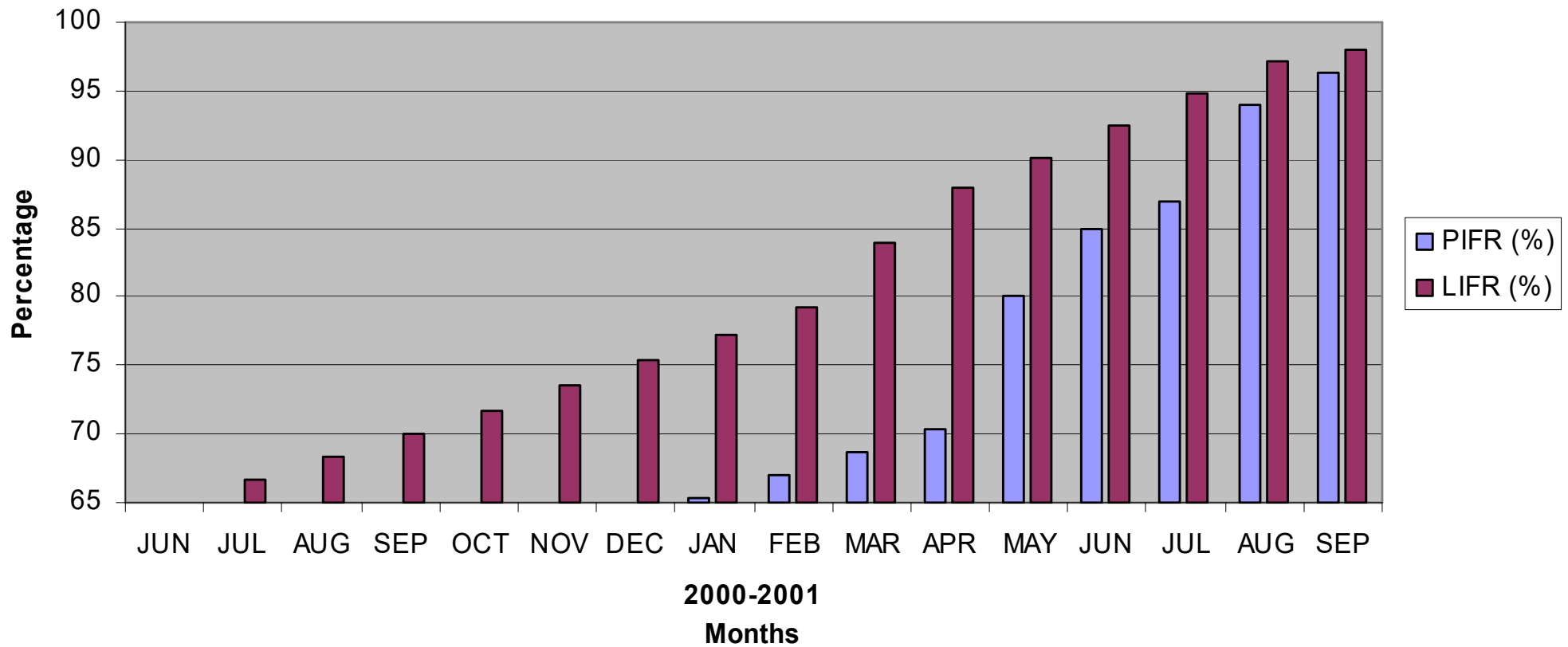


Real Company Data

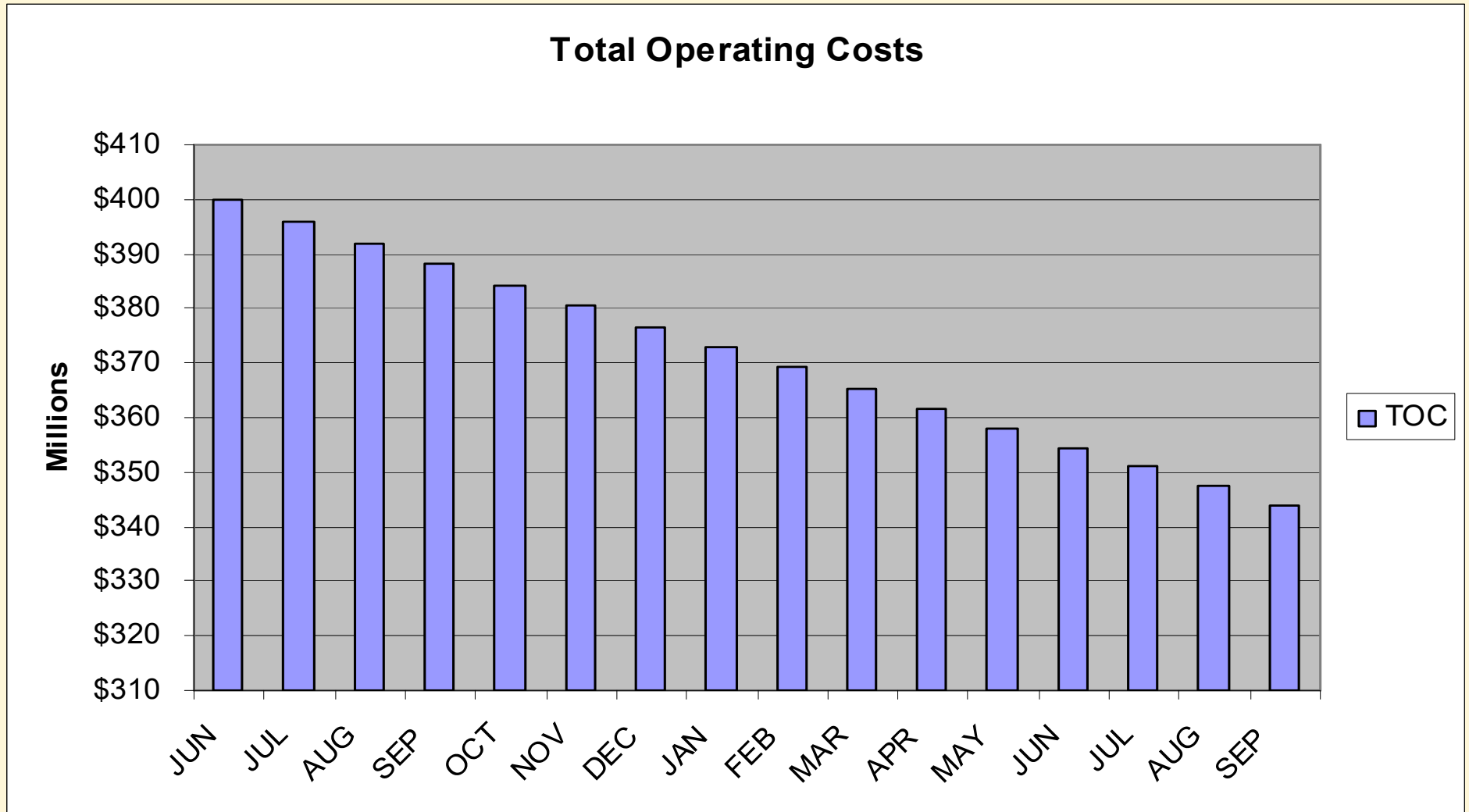


Real Company Data

Piece Item Fill Rate and Line Item Fill Rate



Real Company Data





**The Last thing I remember, is that I was at the
SCM Full Value Solutions Presentation of WCM.
I might have died from Boredom.**