

Internal Kanban and Stock Reduction for ATB Motors in Spielberg, Austria

Issue for ATB in Austria

In Spielberg, Austria, ATB has a large factory producing electric motors for higher volume customers. Although the demand pattern was in overall terms quite consistent that SAP system and working habits had created a large amount of WIP, giving the factory a stock turn of around 4. As it also supplied another ATB factory in Germany with components this effect was worsened.

Overall contribution / achievement of objectives

Steve analyzed the SAP system and the flow of stock (and information) around the factory. It was evident that the SAP system was driving components to be made far in advance of actual requirement. Additionally many of the items were made from the same raw material sources, therefore making the wrong parts early often starved the system of raw material to make the parts most needed. Implementing a kanban-like system and switching off the SAP allowed the stock levels to be steadily reduced over the following 6 months.

Impact on the business / bottom line

WIP stock reduced by 40% in the first 6 months, generating €2.1m in cash. Perhaps of more importance was that this reduction created more efficient flows in the factory, improved on-time delivery from around 70% to above 95% and created extra space.

Leadership / people management skills

“Steve led a kaizen project team and within one week had devised the new system, which they implemented a month later and within 6 months we had lost nearly half the stock. We have steadily reduced ever since and this is fantastic. He gave the managers and supervisors in the factory the courage to try this out in other areas and we are replicating these methods in many other areas. The look and feel of the factory has completely changed.”

Inventory reduction s11n