

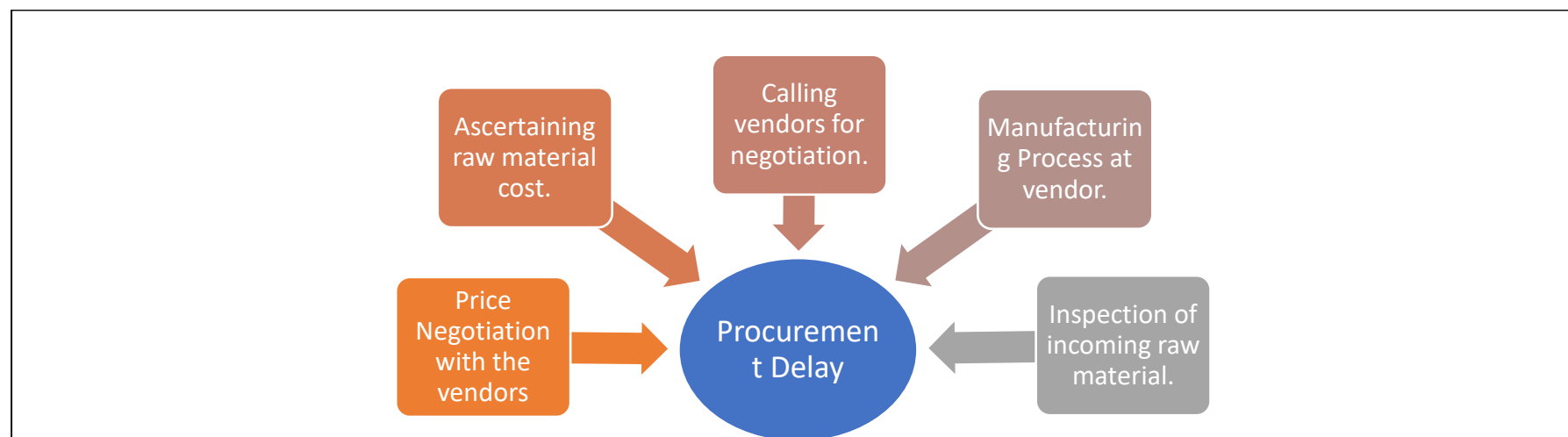
Procurement time slashed through rapid Problem-Solving approach

Problem Statement

EPL has a technical and financial collaboration with an American company and is the only company outside the United States to manufacture surge arresters and zinc oxide discs with technology acknowledged to be the best in the world. In recent times, the organization was fire-fighting to execute its orders on time and was facing several complaints on delayed deliveries. KIAP was roped in to stem the tide and help them ensure on time in full deliveries to customers.

The Diagnosis

An analysis done on the recent delayed orders showed the major area contributing was a delay in procurement process and for this, possible causes were then listed out with the team..



Our Analysis

On drilling down the data for each of the above causes, the root causes were grouped under three issues.

1. Absence of mutually acceptable price formulae with the vendors.
2. Absence of raw material price information system.
3. Absence of parallel manufacturing process.

Immediate Countermeasures

The following steps were taken in order to reduce Procurement delays:

- Reliable price from local traders were obtained for different materials from which evolved a formula for base price.
- Discussed with Vendor and convinced them to reduce the manufacturing process time from 13 days to 7 days by introducing parallel manufacturing.
- Worked with Quality team to evolve a system where inspection is carried out within one working day of intimation.

Long term Actions

The management was recommended to take the following actions in long term to fix the issue permanently.

- Maintain regular contact with local traders.
- Evolve mutually acceptable price formula for all vendor manufactured items
- Work with Vendor to reduce the Manufacturing Process time at vendor place.
- Work towards least inspection.

Outcome

Within two weeks, the procurement time from the vendors was reduced by 35% from **42 days to 27 days**.