

Application



Elevator Drive Component Castings

Field Service

Inventory/Delivery Optimization

Highlights

- Custom demand level-loading program
- 50% Lead time reduction
- 63% Inventory reduction
- 150 pallet locations inventory space reduction



TB Wood's worked closely with one of its major elevator industry customers to develop a demand level-loading program for its castings. The customer manufactures drive components and assemblies for many of the world's largest elevator manufacturers. TB Wood's supplies raw, unmachined ductile and gray iron castings for a variety of elevator drive components, including sheaves, rotors, and housings.

TB Wood's designed the program to smooth out production schedule requirements, reduce lead times and reduce inventory costs for the customer, while improving delivery performance and product quality for both the customer and TB Wood's.

Large swings in the customer's demand for castings throughout a given year created manufacturing capacity issues which resulted in some late deliveries and large raw casting inventories at the customer's facility. (See Chart 1 on back.)

The new TB Wood's level-loading program ties the customer's casting inventory directly to its production consumption, removing the need to forecast demand for castings. (See Chart 2 on back.) This process was proposed and implemented with only a few part numbers on a trial basis and has expanded to incorporate over half of all part numbers with a phased plan to incorporate all part numbers.

Program Results:

- Present OTD for program: 98%
- Lead Time Reduction: 50% from 6 weeks to 3 weeks
- Inventory Reduction: 63% at the customer's facility
- Inventory Space Reduction: 150 pallet locations at the customer's facility

Continued

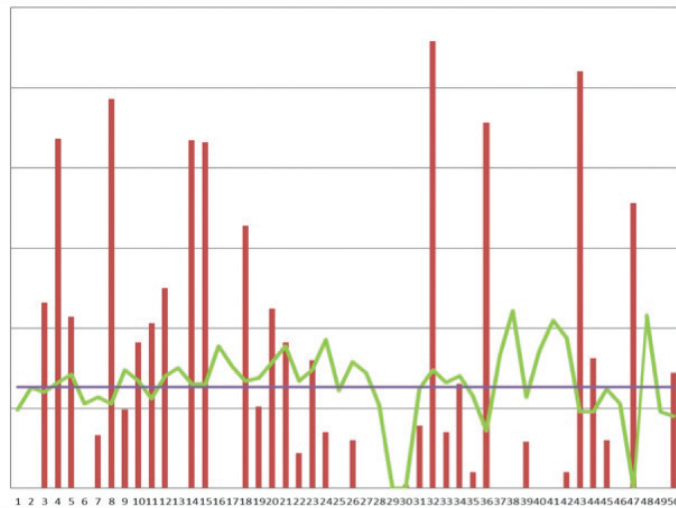


Chart 1: Comparison of a customer's traditional ordering pattern (shown in red) and the customer's run demand (in green) on a weekly basis over a one year period.

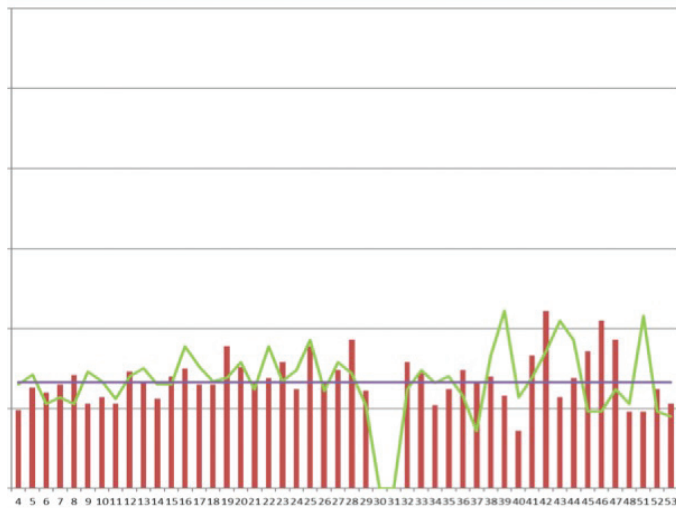


Chart 2: TB Wood's level-loaded demand program for the same work load is shown after implementing a three-week replenishment process from consumption at the customer's facility. Customer weekly orders shown in red; TB Wood's production runs shown in green.