Tier One – *A high quality, low volume machine job shop specializing in medical equipment.*

Tier One, a year old spin-off of a large manufacturing conglomerate, is rapidly on its way to becoming the poster child for a true Lean Enterprise. Having a solid background in some key elements of lean (KanBan and Cells) before they became an independent organization, Tier One was looking for help in accelerating their transformation into a Lean Enterprise. To get started, management created a roadmap that would provide the best ROI for their continuous improvement efforts. The first challenge was to define the business goals. Subsequently, LEAP was able to identify a multitude of opportunities. Tier One was able to select those most relevant to their short and long term objectives. The following initiatives were undertaken to implement their roadmap:

1. Tier One had a number of cells, departments, and product types. These were broken down into a few well-defined **Value Streams**.
   - Different opportunities presented different benefit types (lower cost vs. speed through the plant vs. manpower required….). Creating Value Streams enabled management to set priorities and choose a place to begin.
   - Improvements in understanding flow and reducing REAL obstacles enabled a more defined scheduling process. The new process reduced manpower requirements and increased throughput, producing a **50% increase in productivity** for the first value stream.

2. A transition to **Value Stream (LEAN) Accounting** methods was essential to providing the information required for Lean decision making, as well as tracking the resulting ROI.
   - Organizing the chart of accounts by the newly defined value streams enabled Tier One management to get a more factual view of the company. The new value stream budget is in place for a January 1, 2005 conversion from the previous departmental methodology.
   - Information gained from the budget has already changed the way the company is addressing sales and marketing. **They are now able to target profitable business.**

3. Tier One had been operating on a minimal accounting only software and needed a new **ERP system** to aid in information control and dissemination. Working with LEAP helped Tier One determine the key software features required to support a Lean environment. (Lean Enterprises eliminate many of the standard transactions of the typical ERP system, but some information requirements remain.)
   - As part of the ERP system planning, VSM kaizens were held for shipping, receiving and manufacturing orders flow. As a result, the company saw a **25% increase** in productivity in these areas.
   - ERP implementation continues and promises further productivity enhancements.

4. As new business began to stream in, **Manufacturing Engineering** became a bottleneck. As in many organizations, this department was responsible for estimating, engineering, programming and startup of new products.
   - By simplifying the **Cost Estimating** process Tier One was able to increase productivity. Responsibilities were re-aligned by value stream allowing a 50% improvement in RFP response time.
   - **New product engineering and startup** was also realigned. A value stream map pointed out the volume of work required to meet the organizations requirements. Changes to staff assignments and a small increase in staff size aligned capacity with requirement.