

Case Study on Six Sigma

Client Case Study- Stoke Furniture Company

Requirements

To rationalise production of own brand furniture, reduce losses and reduce production lead time.

Client Issue

The furniture manufacturing company based in Stoke On Trent, had a turnover of £35m, yet made a loss on ALL production. The lead time was to industry standard of 12 weeks, however historically it had been as high as 26 weeks. The company had 26 ranges, in 120 colours of covering. It had been trading for 50 plus years and owned by the founder's family. The costs had increased out of control, as had the amount of staff involved in the business. There was a loss on every order, which averaged to one third of the wholesale price of the goods.

Analysis

To implement the strategic Six Sigma sourcing required a restructure of roles and the Development of a strategic sourcing process.

Our approach was as follows:

Investigate and recommend internal production under the Six Sigma rules. Recommend supplementary suppliers who are utilising the latest technology to ensure the production of high quality results with the necessary security safeguards in place to ensure best practice compliance.

Deliverables

After investigation the team identified the transition and submission project was not only time dependant, but required a more robust workflow/costing process to guarantee delivery of accurate production of the highest quality, at an cost effective price.

Improvements included:

- Tight cost control
- Production lead times reduced to 8 weeks.
- Increase in ranges
- Reduced stock

Processes Used

- Strategic sourcing
- Organization design
- Procurement
- Service level agreements
- Banking refinance
- Project implementation Inc E-commerce

Business Scope

- To upskill existing staff
- Saving £1.2m losses Per Quarter
- Profitable after 6 months

Timeframe and resource required:

- Project duration: 16 months
- Resources used: 8 consultant