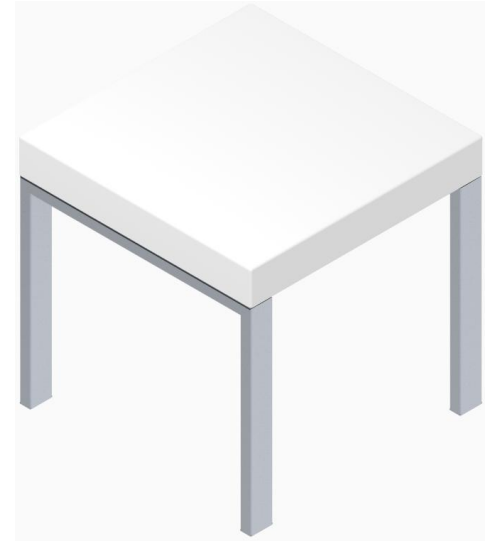


CORIAN

supply chain
strategy



SUPPLY CHAIN STRATEGY (project snapshot)

key dates

Phase 1a	N/A
Phase 1b	N/A
Phase 2	N/A
phase 3	N/A
FOE	2019.11.20
First Ship	2019.12.23

visual statement of line



financials (end of phase 1a)

GM Target	N/A
GM Est.	N/A
CapEx	\$35k
OpEx	\$15k
Payback Target	<18 months
Payback Est.	4.4 months

scope

Launch regions:	Americas
Customer lead time:	STD Product Lead Time. 5 – 8 weeks, finished product.
Environmental:	N/A
Engineering:	BIFMA
Seasonality:	N/A
Specials Processes:	Polish, Sanding.

volume / revenue

Volume Projections (units)				
Offering	Year 1	Year 2	Year 3	Year 4
Aspekt	1097	1097	1097	1097
Leela	201	201	201	201
Tava	520	520	520	520
Embold	99	99	185	208
Total	1,917	1,917	2,003	2,026

Net Sales (thousands)				
Offering	Year 1	Year 2	Year 3	Year 4
Aspekt				
Leela				
Tava				
Embold				
Total				

SUPPLY CHAIN STRATEGY (product placement recommendation)

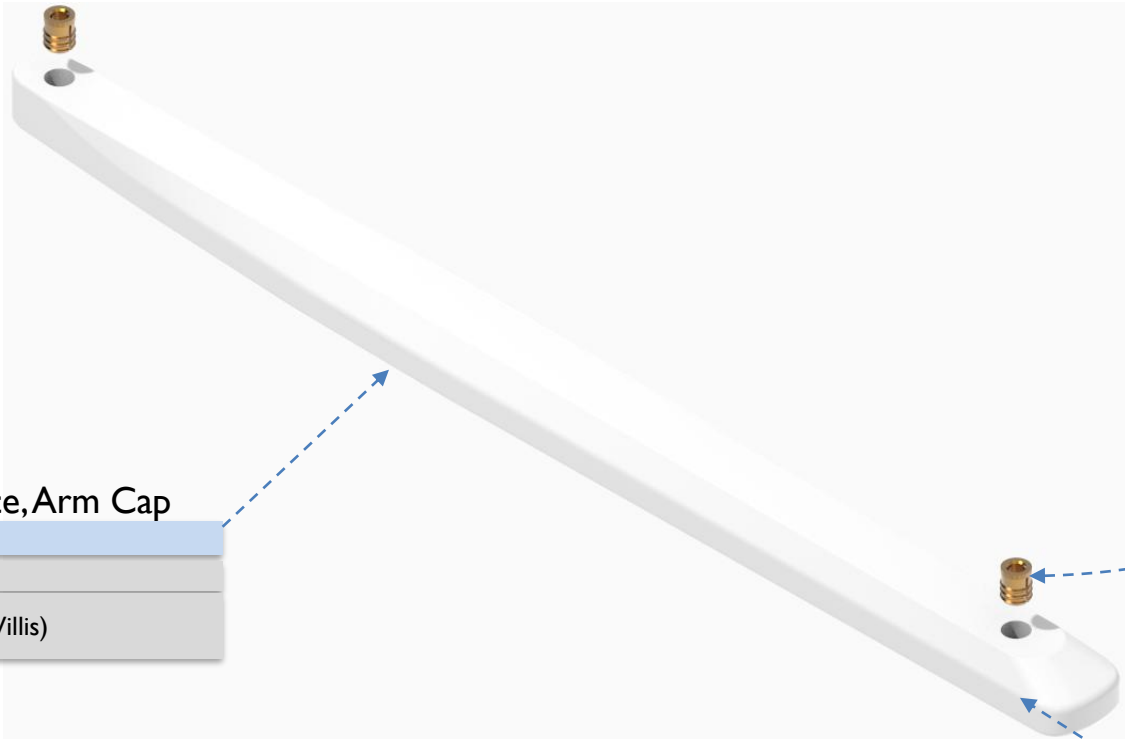
summary & recommendation

Leverage internal core competencies with solid surface material (Corian) process.

assembly	rationale	scs plant	fin good
Solid Surface Aspekt Arm Caps	Extended lead-times, supplier unreliability and cost	Tijuana Plant	
Solid Surface Embold Arm Caps	Extended lead-times, supplier unreliability and cost	Tijuana Plant	
Solid Surface Leela Table Tops and Plywood Spacers	Extended lead-times, supplier unreliability and cost	Tijuana Plant	
Solid Surface Tava Table Tops and Plywood Spacers	Extended lead-times, supplier unreliability and cost	Tijuana Plant	

SUPPLY CHAIN STRATEGY (ASPEKT – Arm Cap)

placement	SC Plant
in	Tijuana Plant



* Solid Surface, Arm Cap
1067363001
Tijuana Plant
Tier 2: Dupont (Willis)

*Insert
1068963001 (x2)
Tijuana Plant
Tier 2: Fastenal

Narrative

ASPEKT arm caps to be processed and assembled in Tijuana

Joint Adhesive
N/A
Dupont (Willis)
Patented Dupont glue specific for Groups Solid Surface Color

SUPPLY CHAIN STRATEGY (EMBOLD – Arm Caps)

placement	SC Plant
in	Tijuana Plant

*Solid Surface, Arm Cap

I 25844900I

Tijuana Plant

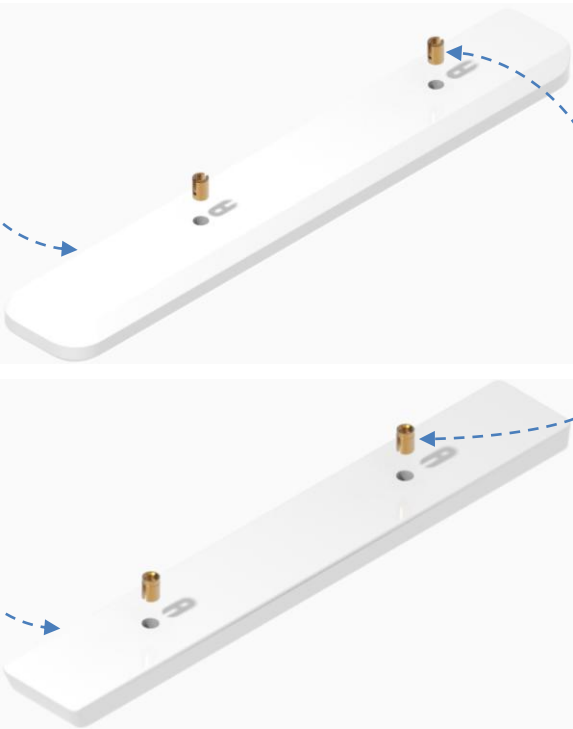
Tier 2: Dupont (Willis)

*Solid Surface, Arm Cap

I 15070800I

Tijuana Plant

Tier 2: Dupont (Willis)



Insert

I 17317000I (x2)

Fastenal

Installed with an Arbor Press

Narrative

EMBOLD arm caps to be processed and assembled in Tijuana Plant

SUPPLY CHAIN STRATEGY (LEELA - Tables)

placement	SC Plant
in	Tijuana Plant

*Solid Surface, Top

19942401

Tijuana Plant

Tier 2: Dupont (Willis)

*Spacer - Table

20489401

Tijuana Plant

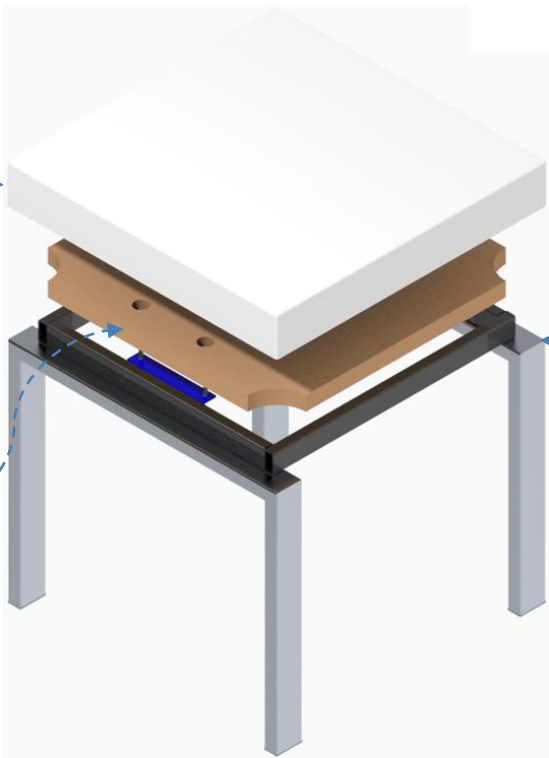
Plywood Baltic Birch

Weldment - Frame

20846001

Specialty Steel Products Inc

Available on Merle, Champagne,
Platinum & Black finishes
(Support Frame + Legs)



Narrative

LEELA Tables solid surface w/plywood to be processed and assembled in Tijuana Plant

SUPPLY CHAIN STRATEGY (LEELA – Coffee Tables)

placement	SC Plant
in	Tijuana Plant

*Solid Surface, Top

19942403

Tijuana Plant

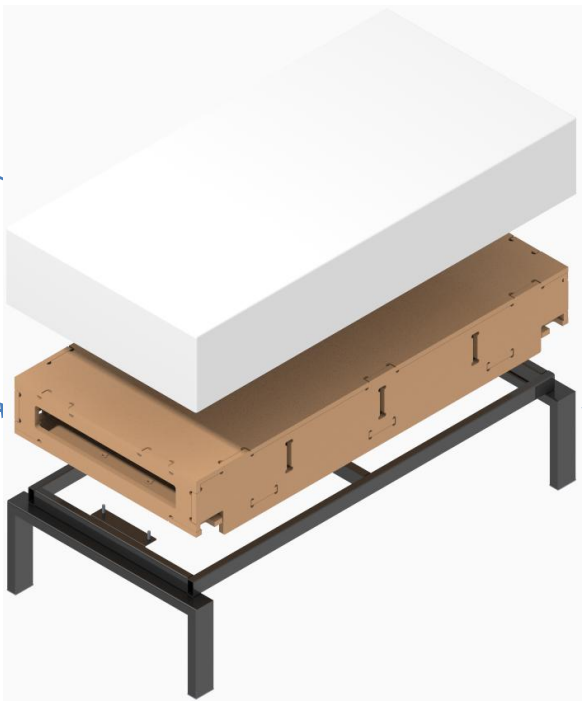
Tier 2: Dupont (Willis)

*Frame – Coffee Table

20476808

Tijuana Plant

Plywood Baltic Birch



Weldment - Frame

20846002

Specialty Steel Products Inc

Available on Merle, Champagne,
Platinum & Black finishes
(Support Frame + Legs)

Narrative

LEELA Coffee Tables solid surface to be processed and assembled in Tijuana Plant

SUPPLY CHAIN STRATEGY (TAVA - Table)

placement	SC Plant
in	Tijuana Plant

*Solid Surface, Top

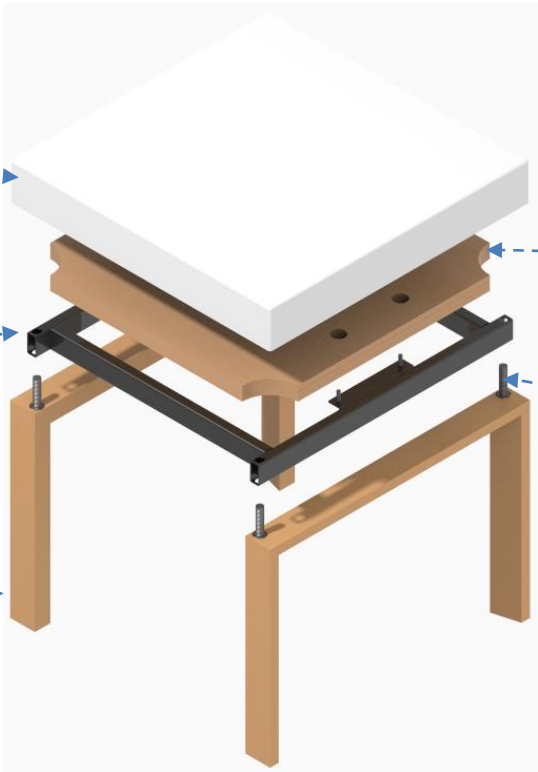
19942401
Tijuana Plant
Tier 2: Dupont (Willis)

Frame – Weldment, Table

20476506
Specialty Steel Products Inc
Only available in Black Color

Leg - Assy

20663701
RTMEX INC
Available on Dark & Light colors



*Spacer - Table

20489401
Tijuana Plant
Plywood Baltic Birch

Bolt - Assy

20819001
Fastenal CO
Assembly from Threaded Stud + Welded Nut

Narrative

TAVA Tables solid surface w/plywood to be processed and assembled in Tijuana Plant

SUPPLY CHAIN STRATEGY (TAVA - Bench)

placement	SC Plant
in	Tijuana Plant

Cushion- Assy

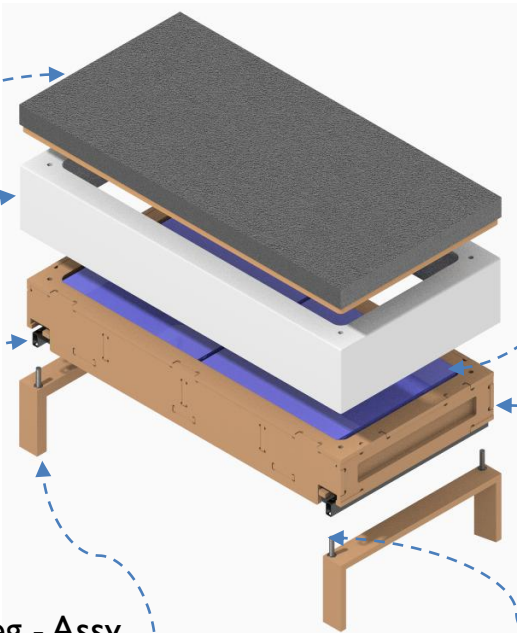
20479002
RTMEX INC
Upholstered in Tijuana Plant

*Solid Surface, Top

20477502
Tijuana Plant
Tier 2: Dupont (Willis)

Weldment - Frame

20476502
Specialty Steel Products INC
Only available in Black Color



Pad - Spring

20664001
Walter Knoll
Gluing information missing

*Frame – Bench

20476802
Tijuana Plant
Information about gluing Corian Top & Birch Plywood Frame is missing

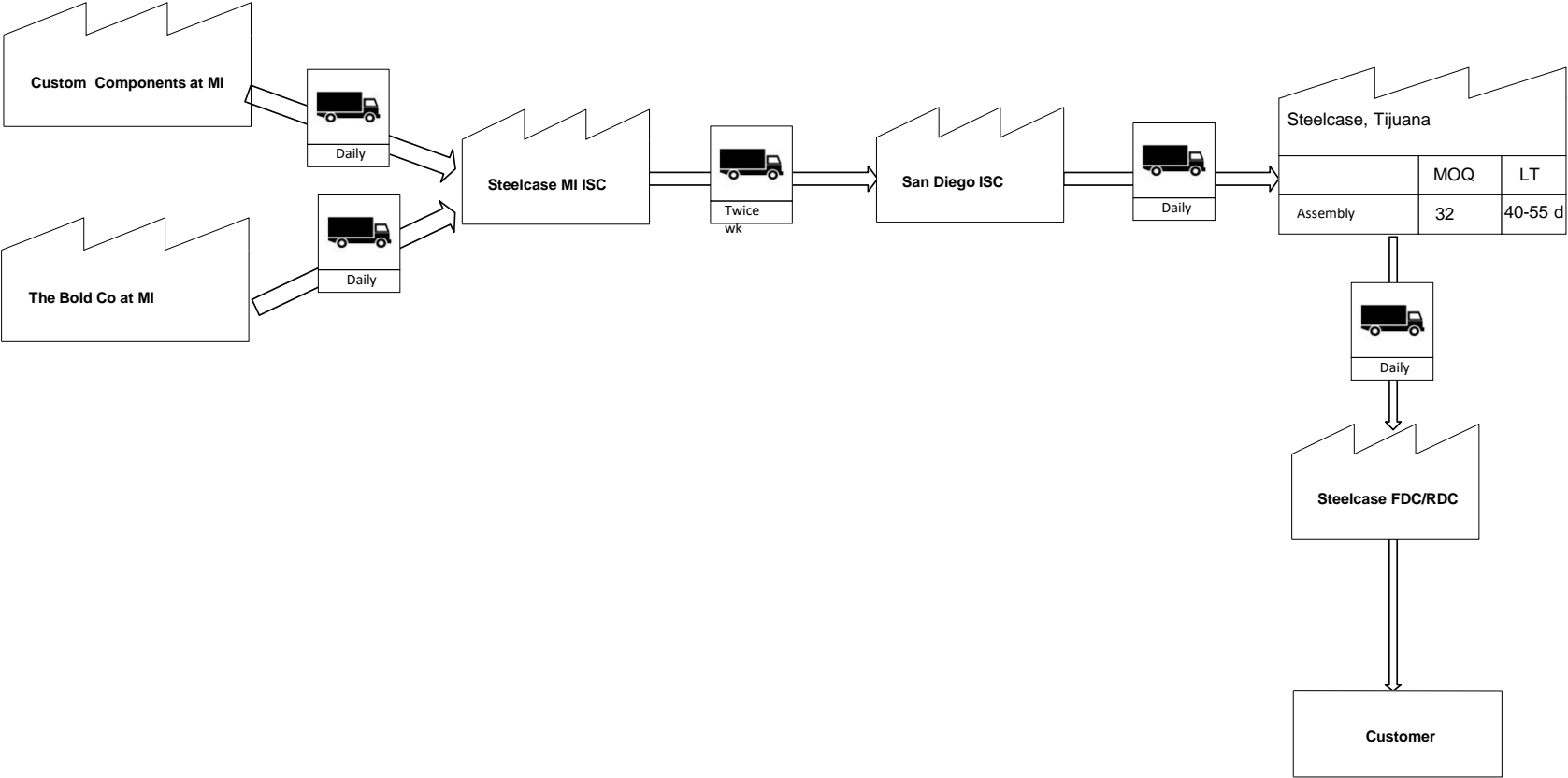
Bolt - Assy

20819001
Fastenal CO
Assembly from Threaded Stud + Welded Nut

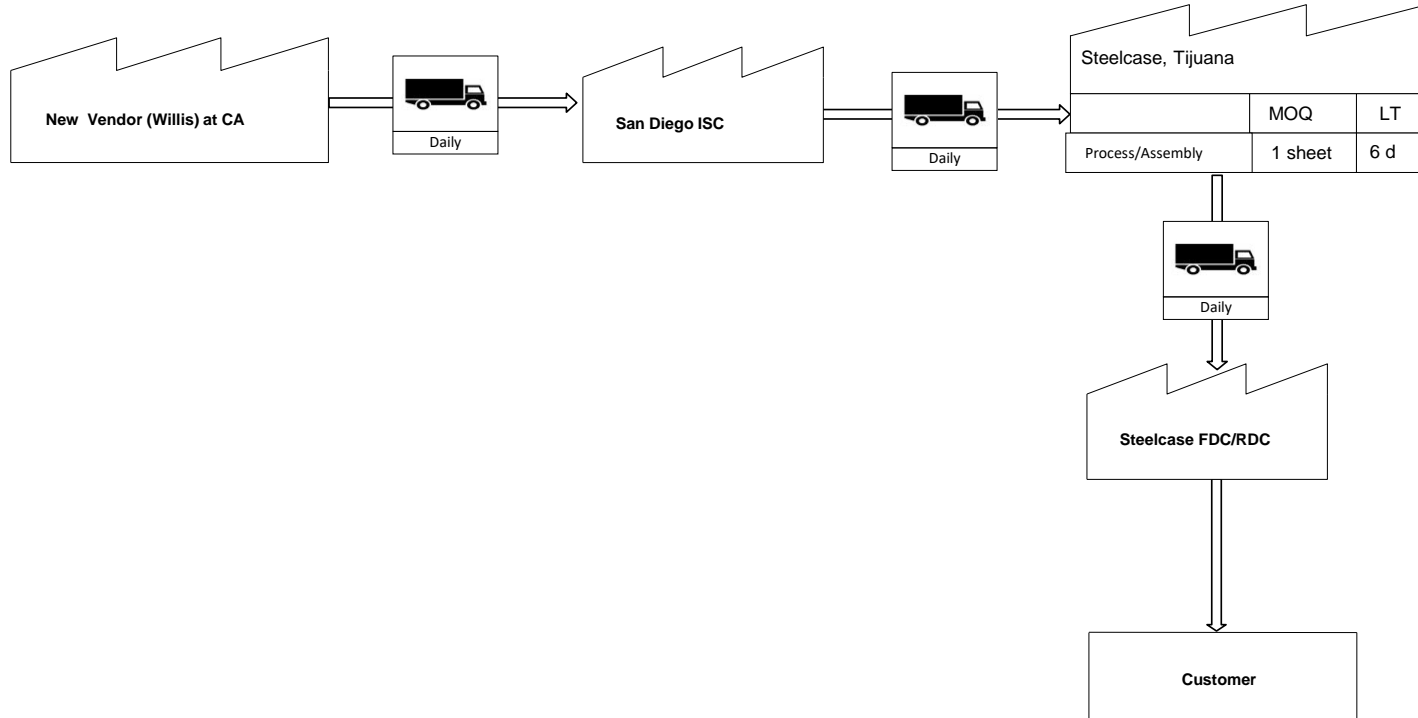
Narrative

TAVA Bench solid surface w/plywood to be processed and assembled in Tijuana Plant

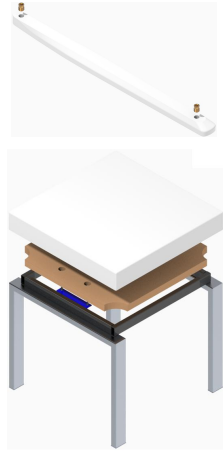
SUPPLY CHAIN STRATEGY (Current Value Stream Map)



SUPPLY CHAIN STRATEGY (Future Value Stream Map)



COST SAVINGS



Current State

Solid Surface Arm Caps

Units: 1, 216 per Year

COGs: \$ 85, 874

Solid Surface Table Tops

Units: 721 per Year

COGs: \$ 203, 278

TOTAL

Units: 1, 937 per Year

COGs: \$ 289, 152

Future State

Units: 1, 216 per Year

COGs: \$ 43, 618

Units: 721 per year

COGs: \$ 109, 262

Units: 1, 937 per Year

COGs: \$ 152, 880

SAVINGS

Units: 1, 216 per Year

COGs: \$ 42, 256

Units: 721 per year

COGs: \$ 94, 016

Units: 1, 937 per Year

COGs \$ 136, 272

CAPEX

CAPITAL

Item/Qty	Total Cost
Vertical Panel Saw Machine / Qty 1	\$ 13, 000
Weeke CNC Machine Servo Controller/ Qty 1	\$ 5, 000
Dust Collector/ Qty 1	\$ 12, 000
Buffer	\$ 5, 000
Total:	\$ 35, 000

EXPENSES

Item/Qty	Total Cost
Carbide Tooling/ 2sets	\$ 2, 000
Speed Random Orbital Sander/ Qty 2	\$ 200
Paint Booth Relocation/ Qty 1	\$ 8, 000
Racks & Other Material Handling Equipment	\$ 200
Equipment Installation Expenses / Qty 1	\$ 2, 000
Inspection Lights/ Qty 4	\$ 1, 000
Contingency	\$ 1, 000
Total	\$ 15, 000

ROI

Expenses: \$15, 000
Capital: \$ 35, 000
CAPEX: \$ 50, 000
Savings: \$136, 272
PAY BACK: 4.4 months
ROI: 2.72

HEALTH AND SAFETY



	Corian	Join Adhesives
Respiratory Protection	Dust safety mask recommended	No personal respiratory protective required
Hand Protection	Leather or Cotton gloves	Rubber gloves
Eye Protection	Safety Glasses	Safety Glasses

SUPPLY CHAIN STRATEGY (scenarios considered)



Scenario	Description
Scenario 1. Solid Surface (Corian) Parts remain as purchased parts.	Continue to procure the solid surface (Corian) parts from current sources (Custom Components & Bold Company)
Scenario 2. Insource Solid Surface (Corian).	Tijuana Plant to process Solid Surface (see appendix section)

SUPPLY CHAIN STRATEGY (Initial Risks)



Risks	Countermeasures
We expect a learning curve while we get to the same level of expertise as the current vendor (material process, inventory and material handle)	Get training by certified vendor (Aug 22 nd)
We are limited on installed equipment capacity	<ul style="list-style-type: none">• Buy a Vertical Saw• Use 3 axis spare CNC machine• Optimize space to fit Corian Process