

### Final Project (40 points)

Read the below scenario. In your teams prepare a written document that addresses each question proceeding the scenario. Also prepare a summary slide deck and conduct a 15-minute presentation of the highlights from your project.

Company ABC is a manufacturing company of plastic components that go into other organizations finished products. They have international operations. In the last 24 months the organization has had a difficult time procuring raw materials for its products that have a high rate of first pass acceptability upon delivery. Here are some facts about the situation:

- The current process involves several vendors and members of the procurement team and manufacturing team. There are many steps and communication is not very strong amongst those involved.
- The company implemented a new procurement and warehouse management system last year and people were poorly trained on it causing order errors, receiving errors and frustration by vendors too.
- The vendors providing the parts began using cheaper components to cut costs a few years ago as ABC used to emphasize cost when buying components until a new CEO took over for ABC and wanted better quality but it seems that has been ignored for raw materials purchases and this new culture based on quality has not been fully embraced.
- ABC does not share any forecasts or design specifications with vendors stating it is proprietary. However, the vendors have mentioned that other suppliers share this with them to help understand order timing, order volume and order quality and this information is not shared with other customers of the vendors.
- The Vice President of ABC knows someone who works for a similar firm and in speaking with that person she found out that the similar firm has a process in place to specify quality levels before the order and to agree on the specifications prior to order to help manage risk with poor quality of items received.
- ABC Company belongs to a manufacturing trade association and in a research report about quality in raw material the best practices were around communication with suppliers, clearly defining quality specifications before orders are made, enforcing strict inspection standards of incoming material to root out poor quality and having strong penalties for poor quality if received. ABC does not really do any of these items today.
- ABC warehouse personnel do a high-level inspection upon receipt of goods but each warehouse person does it differently some are more detailed while others do a cursory review. There is a policy for inspections but it is 7 years old and not used in training.
- ABC procurement personnel order primarily based on the best price they can get and expect the warehouse to inspect incoming material for problems but do not see quality as their primary role. ABC procurement personnel get bonuses for saving ABC money on purchases hence the focus on low cost purchases.
- The team that works in procurement and in the warehouse have worked at ABC a long-time. They do not feel the quality problem lies with anything they're doing and are quick

to cite the issue with the vendors and expect to see suggestions for the vendors to change their processes.

- ABC customers have recently complained about ABC products and it was found that the source of the issue was the low quality parts that went into their products. A few customers have left ABC and several other customers are at risk of switching to other providers if the issues are not fixed.
- The VP of Supply Chain has told the Director of Manufacturing that they need to improve raw materials first-time pass rates by at least 30% in the next twelve months to mitigate downstream issues and customer complaints.
- Specific process improvements you might suggest are likely to have a 50% impact on the VP's desired reduction in pass rates. Further, this 50% improvement could be adjusted down another 20% for conservatism.

Prepare a written document that addresses each question below and aligns to the grade guidance at the end of this document. Also prepare a summary slide deck to conduct a 15-minute presentation in our final class of the highlights from your project.

1. A description of what you believe is the problem and what you believe is the business outcome that needs to be solved by a process improvement.
2. Describe the methods/tools you would use to document the details of the As Is process and what the As Is process appears to be in your opinion.
3. Describe the methods/tools you would use to gather detailed insight for the Should Be process and what the Should Be process appears to be in your opinion.
4. Identify the largest gaps in the process and how would you prioritize these?
5. What would be your top set of improvement suggestions for ABC and why?
6. Create at least one action plan for your highest priority improvement suggestion.
7. What would you suggest as performance measures to better monitor this process going forward? How could they use the measures most effectively as a management practice?
8. Do you see any risk management issues here? If so what? What controls and control objectives could be used to mitigate these risks?
9. Do you see any change management concerns here? If so what? What change management strategies can be deployed to mitigate change management concerns?
10. Calculate the percent change in process improvements based on the stated estimation, isolation and adjustment data in the case.

In order to receive the best grade possible, deliverables must 1) address each item of the project in a thorough and thoughtful manner, 2) consistently link and complement your points with specific class concepts, 3) use third party research to complement your points and 4) ensure all topics in the project complement each other properly and tell a full story end-to-end.

Please email [jberk@stuart.iit.edu](mailto:jberk@stuart.iit.edu) and [jeffreyberk@yahoo.com](mailto:jeffreyberk@yahoo.com) the deliverables as PDFs before the start of the final class.