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Essex of Oak Park, Inc.



Success Story – Multi-Plant Contract Manufacturer

Situation – this work began with a phone call and an on-site visit the next Monday, and started the next day, as a full-blown, resolve-it-now crisis. The investors had brought in a new CEO, Bob Van der Linde, who needed an operations & supply chain “right hand” to get the company moving again.

- **Company** – Qtron was a subcontract manufacturing company in San Diego, with 2 plants in Mira Mesa, the other Mexicali, Mexico, 300 employees total, and a \$40 mil/yr run rate. The lead investor had \$12 Million in, and had, thus far, kept the company liquid.
- **Crisis** – no effective material, production or information infrastructure, or process had been established. What little there was had collapsed in an overload of expediting. The results were, when we arrived, that shipments had almost come to a halt, due to widespread material shortages.

Actions Taken – Bob and I met multiple times daily to keep in synch, as he focused on sales, financial, customers and investor issues, and I focused on the operations & material management challenges, including:

- **Improved expediting** – production & buyers into teams that began to get some short-term gains; slowly shipments crept up almost immediately.
- **Warehouse** – the company had no warehouse in which to organize material. In a 2 week period, I found, and we negotiated the lease, prepared it, and moved in during the 3rd week.
- **Border crossing** – the Mexicali plant, a maquiladora, was seemingly short on everything; it was chaotic. I set up a daily round-trip truck to fill even small quantity shortages, shipped kitted material from the new warehouse, and after a bit, bring completed product back. Some good stories came from this.
- **ERP system** – Fortunately, the company owned an ERP system license, but the fit wasn’t good. We traded it for another product that fit better, and got moving with it:
 - **Network & infrastructure** – upgraded servers, and data lines were installed, w/ a new leader we hired.
 - **Product data** – Only customer faxed, paper copies of product data were available, so we assembled a team,

lead by an engineer, to create in-the-system bills of material which took several weeks.

- **Go-live** – start of live use in the 6th week after I started work, and included inventory transactions, work orders, PO’s, and product data, and sales orders, with the MRP process soon following. Training was improved, as the vendor could not support our urgently compressed time-frame..
- **Financial modules** – we brought in an accounting oriented consultant, with whom I worked closely, to implement the remaining modules for accounting – GL, AP, AR, and invoicing. The full ERP system was up in regular live use by the 12th week, a record in our experience for a full, quality implementation.
- **Mexicali plant** – we led training of the Mexican staff in the new system, on site, at the plant, along with procedure development and writing (others translated these into Spanish), to ensure that the new system was properly used, and that production problems and material shortage resolution procedures resulted in as minimal delays as possible, working closely with several capable members of the Mexicali team.
- **Organization** – Once the ERP system was operational, Bob and I restructured the production & purchasing groups. From the Mexicali plant, we moved a Master Production Scheduler to the Mira Mesa plant.

Results achieved – crisis was resolved short and long term:

- Full shipment volume was restored within 8 to 10 weeks; with limited shipments the 2d week.
- No customers were lost due to poor shipments.
- A stable, effective infrastructure was in place, with trained and effectively led people. The company moved forward in a stable, predictable way for several years.
- Now that stable, reliable cost data was available, unprofitable business could be terminated.
- The company was later sold for \$30 Million

Paul Deis, Agoura Hills, CA is a operational turnaround and crisis resolution leader. He leads large, complex projects at manufacturing, and other types of companies that enable the company to survive a crisis and return to stable, profitable operation. This work involves re-organizing, re-designing how the factory operates, streamlining processes, sometimes recruiting new leaders, changing software and procedures, changing suppliers, which products are sold and other activities to achieve quick, lasting overall productivity gains and positive cash flow. He is a published text-book author in the field of production & inventory management and has done this type of work with over 60 companies in his career of over 25 years. Visit his web site at www.pauldeis.com. Email: paul@pauldeis.com – (818-706-0160).