

Switchco (A): Implementing Tools and Analytics for Manufacturing Improvements

Introduction

The presentation by a student intern team from the Tauber Institute for Global Operations at the University of Michigan to senior Switchco managers was impressive. Team members described the situation encountered at the beginning of their ten-week residence in East Asia, and it was clearly full of challenge and opportunity—a new product line introduction in the electronics industry invariably presents stresses guaranteed to reveal operations system weaknesses.

Most of their time had been spent on site in a factory owned and operated by Eestron, a Tier-1 contract manufacturer with whom Switchco had enjoyed a longstanding and mutually profitable partnership. A classic set of factory management issues colored their presentation slide set—manufacturing lead times that were too long, yield losses as high as 50%, multiple bottlenecks in the factory that shifted with product mix, testing steps with signal-to-noise factors so low that their value in quality assurance was severely limited. As they described their application of the Six Sigma Define-Measure-Analyze-Improve-Control (DMAIC) methodology, it was clear that the results of their work would pay benefits for Switchco far beyond the end of their summer project.

The toolset they left behind, though, was potentially even more valuable. The critical question that Beate Pellanen, senior vice president of global supply chain operations, knew must be faced was this: “How can we make sure that we recognize and exploit similar opportunities—choose and apply the right improvement tools, in all of our product lines and with all our supply chain partners?” This was clearly a major supply chain strategy challenge for Pellanen.

Turning to the team she challenged them. “You have shown us a lot of improvements today that would never have happened without teamwork that included Switchco, Eestron, Miltek, Boardko, and even some of our customers. But we don’t have contract structures that encourage cross-company teaming and information flow on a regular basis. At some point we have to answer the question people are always thinking at some level—‘What’s in it for me?’”



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