Operations Improvement: Reduced Rework from 55% to 20%, Saving $325,000 Annual

An SBTI White Paper

Industry Department:

Manufacturning- Assembly

Process:

Production

Objectives:

- Reduce the rework rate

  - This also involves an examination of what requires rework
  - Goal of reducing from 55% to 27% of output requiring rework

- Increase the output

  - 3,500 to 5,000 units per day

- Decrease labor costs

  - $1.60 to $1.36 per unit

Timeline:

• This project spanned a few months.

Key Tools Used:

• Black belt skills were used here. Some of which were:

- Process Mapping
- Cause and Effects Matrix
- Process FMEA
- Hypothesis Testing
- Process Capability Study
- Design of Experiments

• SBTI can teach your company and employees these skills

Deliverables:

• One inspection process was removed

• A direct link to product performance was established

Metrics or Results:

• Rework rate was reduced from 55% to under 20%

• $325,000 Annual Savings to the Company

• Reduction on the amount of inspection required by over 5 people

Lessons Learned:

• Previous definition of what requires rework was very subjective and had no direct link to performance

• Before project, there was no clear definition of “good” and “bad”

• Before the project, different levels of defect detection were present