

SupplyChainPro2Know – Bob Forshay



“The challenges faced in planning and executing our high-tech SAN orders inside a 2-hour lead time were large obstacles. Lean expert Bob Forshay and his leadership showed our team how to break down the process obstacles. We were able to increase revenue from our key account by \$10M-\$15M each quarter while also reducing costs.” Tim Swette – OEM Account Director

Client Profile

McDATA designed and produced OEM SAN, Storage Area Network hardware and software serving more than 8000 data centers world-wide. A leader in the industry, McDATA supplied 5 - 9's (99.999%) high reliability network storage equipment to Fortune 1000 CIO's around the world with a cutting edge supply chain.

The Challenge

With custom engineered components sourced across 4+ tiers of supply chain, the ability to supply the highly complex configured products in less than a 4-day lead time was the target. Our goal was to achieve order fulfillment in 2 hours. Products up to the size of refrigerators incorporating dozens of feature sets plus customized software presented the supply chain team with significant challenges and no margin for error. Production challenges included custom IC's with 50+ week lead time, custom power supplies and cabinet/rack assemblies with dozens of configuration options with 22 layer circuit board assemblies. The completed the production with complex final test and custom configuration steps had to be flawless. The end-product had to be serialized, configured, programmed, tested, labeled, packaged and delivered to each OEM customer specification then drop shipped to the end user. The biggest challenge, 40%+ of the quarterly sales volume typically shipped within the last 5 days of each fiscal quarter placing enormous stress on the supply chain.

The Engagement

Bob Forshay provided leadership and training to the supply chain and production management teams for the development of production planning and Lean best practices. This affected all departments from order entry to product design, suppliers, customers and IT support. This included Kaizen and value stream mapping to improve lead time and change over reduction, using a “supermarket” Pull process, refined Postponement strategies and Kanban systems. Manufacturing, order entry and supply chain teams were tightly linked together to reduce the order fulfillment lead time from 2 weeks to 4 days and finally to 2 hours for a majority of the SAN products. By redesigning the planning, order management and production processes, the Final Assembly and Test functions were able to set up a Supermarket Pull system capable of processing over 95% of possible product combinations supporting a 2 hour fulfillment model.

The Result

Increased flexibility with reduced lead time dramatically improved revenues with quarterly increases upwards of \$15M+ at significantly reduced costs by not constantly “rebuilding” previously completed orders as before during the severely constrained capacity at quarter end. This system was later extended to the primary contract manufacturing suppliers which successfully implemented the same capability. This became a significant factor adding to McDATA's competitive advantage in the market. This system allowed McDATA to flex volumes dramatically each fiscal quarter and to maximize the subassembly inventories according to the actual OEM demand priorities for the configured end products.