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FabriCo Diagnostic: Day One insights

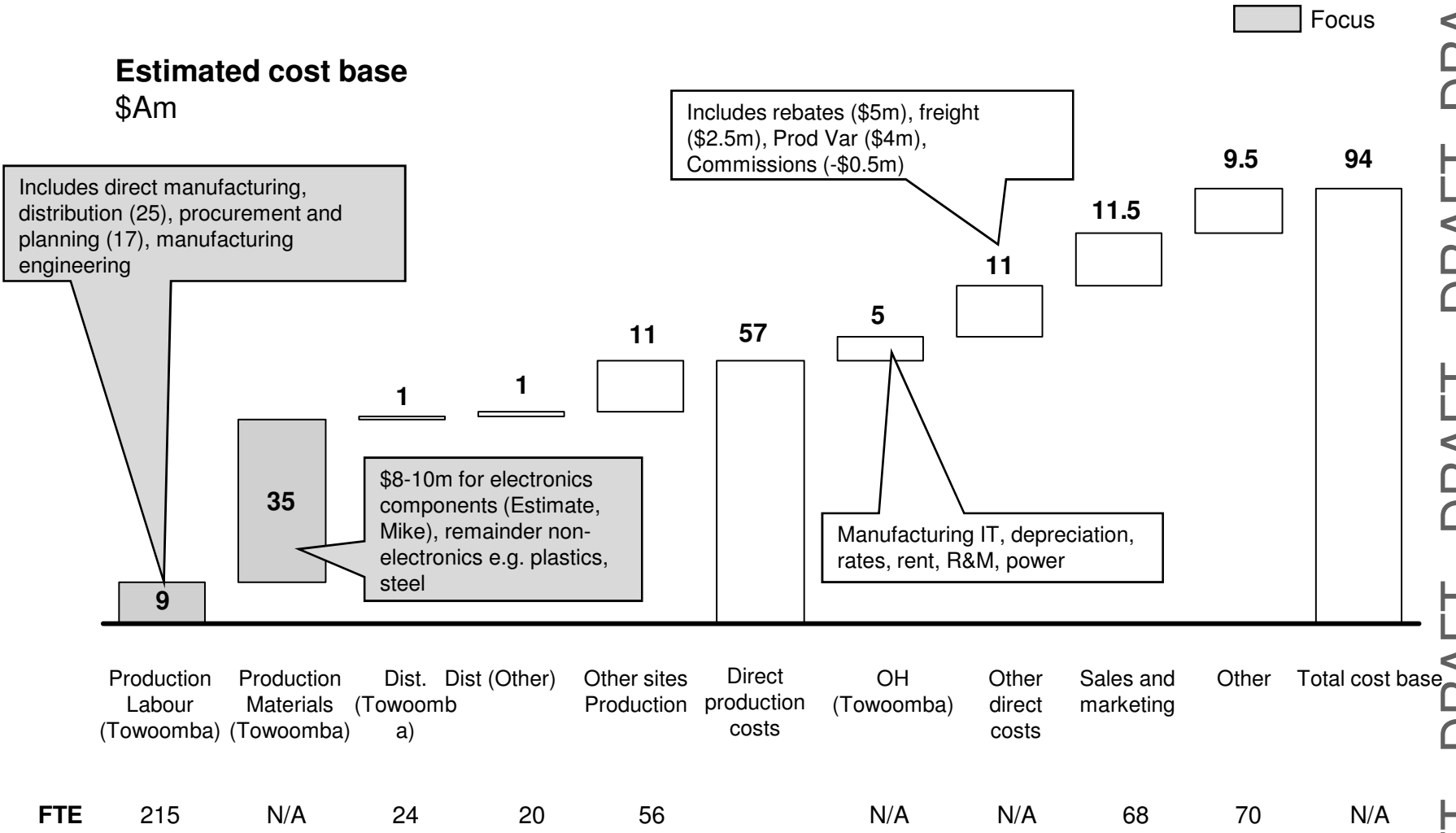
Discussion with Fund – Sanitised document

June 20XX

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FABRICO TOTAL COST BASE (FY07 ACTUAL)



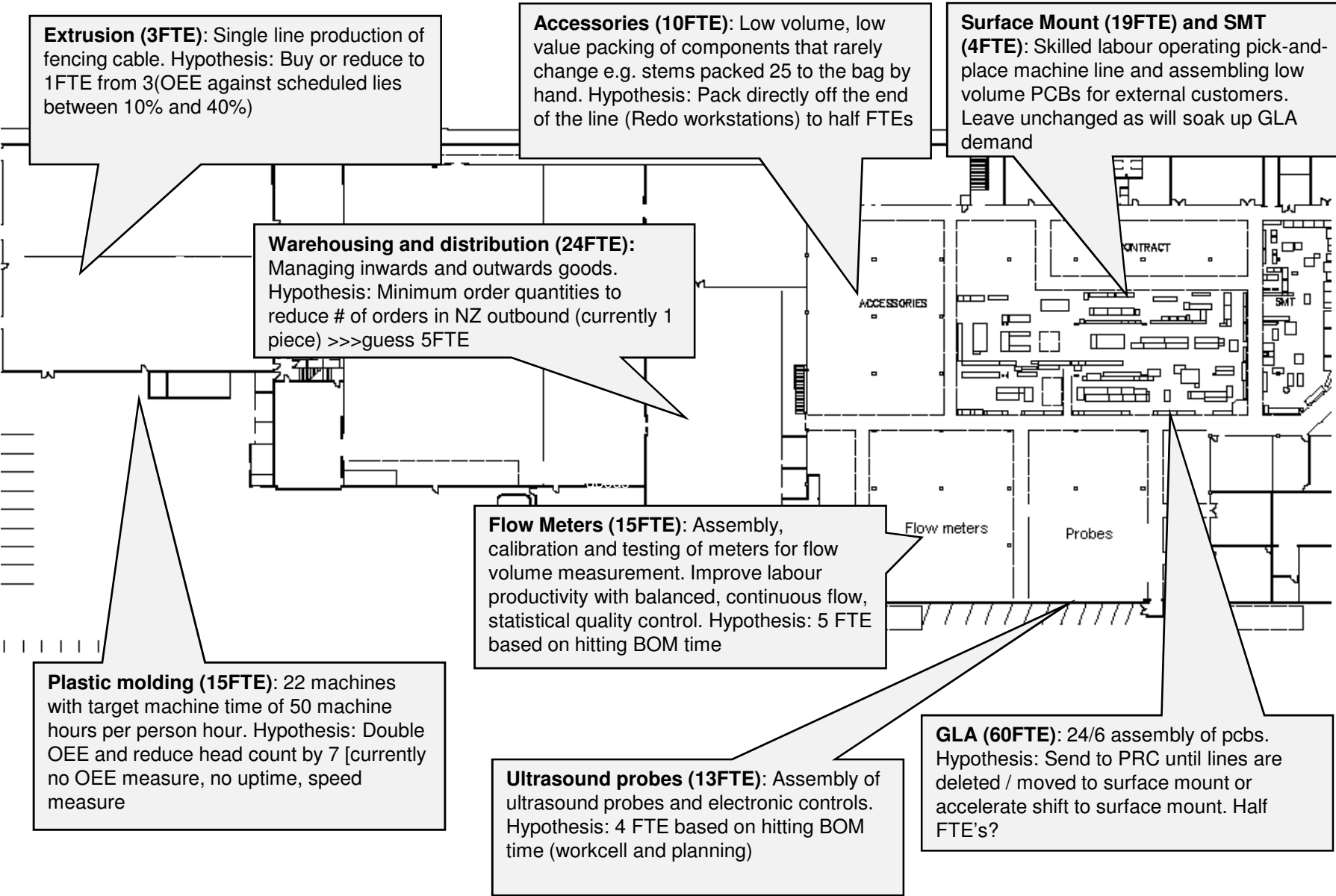
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*Excludes StartUpCo
 Source: FabriCo financials, team discussions

PHYSICAL CAPABILITY: POCKETS OF GOOD PRACTICE EXIST BUT ARE GENERALLY VARIABLE

	<u>Capability</u>	<u>Comments</u>
Just-in time	Takt Time	No evidence of cycle time measures (target or actual)
	Continuous flow	Not a continuous process, no evidence of line balancing, much of production follows stop-start approach, batches between workstations
Man/machine design	Abnormality detection	Extensive testing e.g. every probe tested three times during assembly. No evidence of error robustness (Poka Yoke) design in product or process e.g. placement of through hole resistors
Flexible manpower systems	Cell / line layout	Variable workstation layout e.g. tooling. Workflow appeared nonlinear
	Plant design	Inwards and outwards goods in centre of facility. Requires some materials to travel 2-400m from inwards to outwards goods
	Standard operations	No evidence of SOPs at work stations. BOM is base work document. Samples available for operators (e.g. molding, GLA PCBs)
Support systems	Visual Management	Visual Management good in some places e.g. Surface Mount line, procurement, variable in others. Primary metrics being focused on are DIFOT. Two of ~ 10 departments measured uptime for machines. No other production focused metrics in place.
	5S	Variable housekeeping e.g. raw materials aisles overflowing with plastics, shadow boards in place but tools missing. Good example of Best Practice in GLA section (Photo of cabinet, very tidy)
	Inventory management	Three different Kanban systems in place managed by different suppliers (3 suppliers have onsite inventory they manage). High inventory at present (~20m) comprising ~\$10m RM and WIP and \$10m completed work. Multiple product lines.
People	Continuous improvement	Toolbox meetings held daily focusing on H&S and variance to key metrics. One observed. No global metrics being focused on. No evidence of Team Focus Areas

DIFFERENT OPPORTUNITIES EXIST ACROSS THE BUSINESS: INITIAL HYPOTHESES



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SUMMARY OF HYPOTHESES

	Description of initiative	Estimated value range \$Am	Comments
Materials	<ul style="list-style-type: none"> Procurement initiative to reduce # SKUs (10,000 inbound, 1500-2000 outbound) and cost per SKU 	<ul style="list-style-type: none"> 3-5 	<ul style="list-style-type: none"> FabriCo estimate, 10-15% of current costs
Production labour	<ul style="list-style-type: none"> Multiple initiatives focused on improving labour cost per product (e.g. work flow, removal of waste time) 	<ul style="list-style-type: none"> 3-4 	<ul style="list-style-type: none"> 3-4m is top down based on hitting target BOM times (60-70% at present) Bottom up from hypotheses on previous page (60+ FTE out, 2.5m) and flattening production (\$0.5m). Note some top down estimates here as well
Total		<ul style="list-style-type: none"> 6-9 	

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Let's talk

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