

## Case Study 1- A Medical Supply Company with \$30 Million in Annual Revenue

### Issues prior to a Lean intervention:

- This Company was on the brink of bankruptcy
- Stock price 87¢

### Actions:

- Moved to a smaller & more efficient facility where cost went from \$30 per foot to \$4.50 per foot
- Fixed invoicing – changed monthly invoicing to daily invoicing – offered discount for cash now
- Sold excess inventory – built and sold what we could to raise cash
- Inventory reduction – turns from 3 to 11 times
- Negotiated payment plans for everything over \$1,000 while paying COD for new purchases
- Eliminated work orders & replaced them with a pull Kanban system
- Fixed processes and eliminated waste to improve product throughput from 14 weeks to one day
- Used UV epoxy to replace time cure epoxy – eliminated the necessity for overnight batch building
- Utilized subzero premixed epoxies to ensure right mix every time with no mess
- Used UV epoxy ink so that heat stamping symbols could be done in-house thereby eliminating the necessity for building in batches and then subcontracting outside the factory
- Redesigned a Liquid Injection Molded component for a sensor that required a subassembly be built in batches and shipped halfway across the country to have its sensitive electronic components inserted into a hot molding machine. The component was redesigned so that it could be applied to the sensor in the work cell where the assembly was built. This greatly reduced work-in-process inventory as well as cycle time by eliminating the necessity to build in batches and ship the subassemblies halfway across the country. Also, quality was dramatically improved by not subjecting the sensitive components to the hot molding machine.
- Purchased wire cut and pre-stripped eliminating nicked wires and improving quality

### Results in Three Years:

- Average product life improved from 60 days to 2 years virtually eliminating warranty issues and allowing the Company to raise prices 10 fold
- Revenue doubled to \$60 million
- The stock price rose from \$.87 to \$7.50

***The business was eventually sold to a \$30 billion international Company***

**Now a Division of Philips**

**Average folks did this!**