

CLIENT SUCCESS: ANEXYS

University of Utah MEP Center

I have been pleasantly surprised at the increased communication and focus our team members have been able to achieve in such a short time. MEP Utah has really been an asset in bringing about this change.

Jeff Orme,
CEO

Anexys Inc. Saves by Focusing on Inventory

Anexys Inc. provides manufacturing services in the area of electronic assemblies, mechanical assembly, or labor only services. The company's production capabilities include electronic cable assembly, internal wiring harnesses, assemblies for circular and wire processing. Anexys employs 122 people at its facility in Salt Lake City, Utah.

Situation:

Anexys needed a system that would allow them to keep everyone in the company involved and motivated to continue improvement projects and ensure that the management team was able to provide support on a daily basis. One of the problems that Anexys faced in the inventory area was inaccurate counts of certain parts and some missing parts which would stop the workflow. As a result, the company had to reorder parts and incur increased freight costs for the product to be delivered to the customer on time. Anexys called on the Utah Manufacturing Extension Partnership (MEP Utah), a NIST MEP affiliate, to help provide assistance in the development of a continuous improvement management system.

Solution:

MEP Utah facilitated a series of training and implementation exercises in order to define the major expectations for the company and implement a daily visual review system. In the instance of the inventory issue, Anexys assigned an employee to receive products as they came in to the shop, which would help with the work flow. The company also had a storage location with over 200 items and no way to locate individual items. They wanted to eliminate the storage location, but the items were necessary so they had to be relocated. With the help of MEP Utah, Anexys discovered they could eliminate 15 percent of the remainder of the inventory that had no demand in the future. In addition, Anexys realized it took 7 hours to move from delivery to the inventory bin, ready for use. As Anexys measured the inventory process, they became aware that the pre-production area was playing a major part in how long things were taking to go through the process. In pre-production the parts needed for a work order were all moved in one batch so they could arrive as the work order was needed. In addition, employees were only forecasting one week into the future. This resulted in high freight cost as parts would be over-nighted so they would arrive on time. This also caused a large quantity of parts to be delivered on the same day which the receiving manager was unable to get processed. In order to reduce this variation, Anexys did two things. First, they set up a FIFO (First In First Out) system in receiving to ensure that the deliveries were being handled in the order of arrival. Second, they put in place a three-week forecasting and standards system for pre-production. This reduced the time in the receiving process because parts were now entering the system in a more even flow. Further, the receiving manager could process all of the delivery in one day. Another improvement was that Anexys began sorting inventory into location based on the customer. This eliminated travel time. They color coded the inventory, thus giving a visual clue to find the inventory for that customer's work order. Currently, Anexys is in the process of putting all of the parts into one location per

work order, greatly reducing the number of inventory locations. As a result of the assistance provided by MEP Utah, employees state that their jobs are much easier, and they are able to deliver completed kits to the shop floor faster.

Results:

- Increased sales by \$20,000
- Estimated cost savings of \$50,000
- Reduced receiving process from 7.5 hours to 23 minutes
- Improved employee morale

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