



## DIAMOND FASTENERS SUCCESS STORY

# Client Saves \$200K in Direct and Indirect Yearly Costs



### THE CLIENT

With a long track record in the communications industry and extensive experience with fast-evolving technologies, our client takes pride in their reputation for ingenuity. They provide critical solutions to clients in the military, government and communications sectors worldwide. Their clients use highly sophisticated products for command, control, communications, computers, intelligence, surveillance and reconnaissance.



### THE PROBLEM

Before partnering with Diamond Fasteners, our client used a competitor's bin stock system but not to advantage. The client's staff pulled items from their stock room as well as bin stocking locations and repackaged them, resulting in multiple touches, time lost and opportunities for error.

In addition, our client was using multiple vendors for speciality bolts, resulting in multiple purchase orders for the same item.



### THE ASSESSMENT

It was clear that the system was slow and ineffective due to the large number of redundant movements and touches. Accounting was cumbersome and the client couldn't accurately calculate financials based on product usage, even though they wanted to track inventory on a project-basis for more accurate job costing.

Additionally, these system-wide inefficiencies derailed the client's desire to create a 5S production floor which would establish a 'visual workplace' to facilitate quick and efficient change-over when needed.



### THE DIAMOND FASTENERS SOLUTION

Diamond Fasteners experts recommended a custom vendor managed inventory system that would truly streamline processes, greatly reducing the number of touches necessary to move items from inventory to the production floor. We suggested establishing an initial system as a foundation, then continuing to monitor and evaluate processes to identify opportunities to make further improvements.

The initial solution established three supply locations for each production area, using wire carts outfitted with barcoded, clearly labeled bins, and 'kits' of pre-packaged materials in small manageable quantities. Diamond's client liaison would visit weekly to restock as necessary, ensuring continuous inventory availability.



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## THE RESULTS

### REDUCED LEAD TIMES

With Diamond's system in place, kits are delivered to the final assembly area for all finished goods, although cell assembly still involves pulling from the three stock locations. Diamond inspects all materials to ensure they meet client quality standards, maintains the inventory and electronically transfers necessary certifications associated with kits.

Kits contain everything needed -- both high-dollar and low-cost consumables -- barcoded and sorted in assembly order so they're simple to use. Each kit has a "candy box map" with a picture that shows the location of each item, and the smallest items are packaged in pill cases for easy handling.

As a result of the changes implemented by Diamond, it takes just minutes rather than days for the client to turn over the line, generating lower TCO and far greater ROI. Additionally, our client receives complete job costing data for all kitted jobs. Their ultimate goal is to expand their use kits throughout cell production and also sub-assembly.

### REDUCED DIRECT AND INDIRECT COSTS

The implementation of the kits helped our client save \$100K in direct costs associated with planning, assembly, production, quality control and inspections. They also reduced and saved \$100K in indirect costs associated with purchasing, receiving and material controls. Due to its success, the entire program expanded by 35% over time.

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