

# **XYZ Engagement in Brazil and Argentina**

**By The Hawksbill Group**

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## EXECUTIVE SUMMARY

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- XYZ is a leading manufacturer of shaped aluminum cans in the beverage and personal products markets with facilities in XXX; YYY, Brazil; and, ZZZ, Argentina.
- Due to significant increases in demand in South America, the company faces constraints and is planning a CAPEX program to expand capacity in South America.
- The problem definition statement: Due to operating inefficiencies in both operations in South America, to what level should the company increase capacity versus improving operations to reduce CAPEX? The problem is immediate and resource allocation decisions must be made. The plant in XXX is not constrained.
- The HAWKSBILL Group was retained by XYZ to deploy teams to the plants in South America to assess the current situation, develop plans and execute those plans to improve shop floor efficiencies, improve throughput and yield, and reduce the CAPEX envisioned to meet demand.
- HAWKSBILL deployed eight resources to the plants, including one team leader. The resources were shop floor veterans, experienced leaders and lean practitioners that understand what must be true to increase output from an existing system. Grizzled graybeards would aptly define the team.

## THE TEAM

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- The teams developed a plan to address the issues around gaining control, stabilizing, standardizing and continuously improving the operations.
- The teams operated under an eight week window to effect their plans.
- Plant output by line was significantly below the designed intent of the equipment. Overall Equipment Effectiveness (OEE) was well below expected levels.
- The teams designed plans to reduce scrap, increase machine availability, and reduce transition time from one SKU to the next.
- The team in Brazil effected their plans in eight weeks and were incredibly successful.
- The team in Argentina met with some cultural resistance and the management recognized the issue. The engagement in Argentina was extended to twelve weeks. Results there were equally impressive.



# BUSINESS RESULTS

Business Results	ZZZ - one line		YYY - 3 lines - all plant	
	as of April, 17	as of July 24th,17	as of April, 17	as of June, 17
Scrap Rate	7.6%	5.9%	5.4%	5.5%
Changeover Time	76-122 min	16-36 min	93-173 min	40-65 min
Volume Increase	156k / day	170k / day	597k / day	602k / day
CAPEX Rationalized		\$ 2M		\$ 4M
<b>OEE</b>	<b>60.1%</b>	<b>69.8%</b>	<b>75.2%</b>	<b>79.2%</b>

- Machine Purchases reduced by 25%. A machine from XXX is being re purposed to Brazil.
- Overall improvements have yielded a leverage rate of over 100X when in terms of Operating Profit Improvement against the OPEX spent on the engagement.