



REDUCING STOCKS AND EFFORT WITH KANBAN

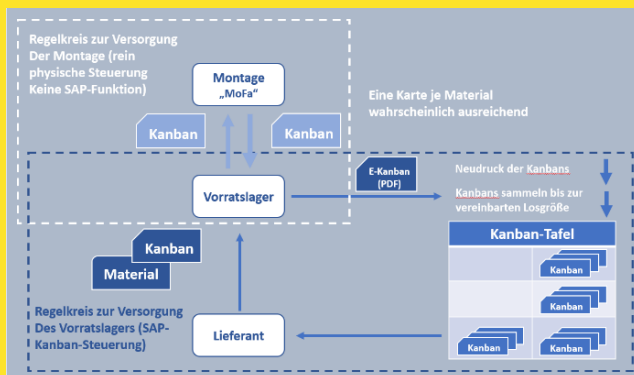
Customer:
Hansgrohe SE

Project:
Integration of suppliers into
Kanban system

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After converting the procurement chain to pull processes, Hansgrohe SE, one of the world's leading bathroom and sanitary specialists based in Schiltach, is taking another step towards optimizing the supply chain: supplier integration using Kanban. The conversion was initially carried out in a clearly defined, manageable pilot area. Both organizational tools and the possibilities in SAP are used.

Hansgrohe's approach was anything but typical: In order to achieve quick success, the international faucet and shower manufacturer the conversion from push to pull processes in parallel for production and raw materials. To convert production, the "global player from the Black Forest" hired the Lean Production Specialists Leonardo Group (a cooperation partner of Abels & Kemmner), who prepared and implemented the processes in detail on the lines.



Picture1: The 2 Kanban control loops

Abels & Kemmner was tasked with optimizing the purchasing materials. In order to achieve results quickly, a two-stage approach was taken. First, the raw materials planning was changed to the reorder point procedure. This alone resulted in results such as a 30% reduction in inventory and more. In the second step, the raw materials were changed to supplier Kanban.

Two Kanban control loops at Hansgrohe

Due to a lack of space in the assembly, two Kanban control loops were set up:

1. Internal control loop for supplying the assembly with material quantities for one shift
2. External control loop to the supplier for replenishment of the inventory warehouse.

The integration of suppliers began at the beginning of the project: the logistical key figures and parameters that are crucial for the dimensioning of the Kanban control loops were defined in close coordination. The existing delivery agreements were also reviewed and adjusted with regard to delivery flexibility and security. The aim was to avoid any disruption of the supply chain for assembly at all costs.

One of the most important components of a modern faucet was chosen as the pilot area: the cartridge (also called the "motor"), the heart of every single-lever mixer. If the supply chain breaks down here, large parts of the operation come to a standstill. But precisely because there was trust in the new methods to be used and in Abels & Kemmner's experience in this area, this project was tackled consistently.

The following special conditions had to be taken into account in the Kanban pilot area:

- Lack of space in the assembly area where the Kanban parts are installed, but only a small part can be stored,
- Quoting the materials (expansion elements, ceramic discs) to two to three suppliers,
- Mapping of the supplier Kanban control loop in the SAP system with simultaneous long-term forecast of requirements.

In the past, individual part suppliers delivered large batches at short notice. Today, the cards are automatically sent digitally. This means that the supplier's goods-out process is immediately eliminated.

The effect:

In combination with advance planning, the upstream supplier can also plan its production better and does not have to produce and deliver larger batches ad hoc.

Control loop 1

The first control loop between production and storage consists of a simple shuttle card solution.

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Simulation shows potential of
50% inventory reduction

Once the material has been used up in production, the worker sends the card to the warehouse via a postal route agreed upon by all parties involved.

In the warehouse, this card is attached to the next pallet or packaging unit and transported to the designated storage location in production. With this control loop, a (re)posting in the SAP system is not necessary. The material withdrawal postings are made retrospectively with the posting of the higher-level production order.

Control loop 2 and successes

The second control loop for connecting suppliers was more complex to design and implement. Here, the flow of goods had to be recorded precisely across company boundaries. This was achieved by using the full SAP functionality.

Each Kanban card in the second control loop is kept in the SAP Kanban board with its current status. The status is set to "empty" or "full" by scanning the barcode on the Kanban card in the goods receipt and dispatch area. When the status is set to "empty", an entry in the delivery schedule is automatically created in SAP. The Kanban card, which signals the need for additional delivery, is automatically sent to the supplier as a PDF document by email via the message determination in SAP. The supplier only needs to print out the card, attach it to the goods and send it to Hansgrohe. At this point, the supplier had to take precautions to avoid double printing of the Kanban cards and thus over-delivery of the material. In the goods receipt area of Hansgrohe AG, the goods receipt posting for the corresponding delivery schedule is carried out directly by scanning the Kanban card barcode.

The previously usual quality inspection at the time of receipt of goods is now dispensed with. Instead, the company relies on the quality inspection at the supplier, provided that this has been sufficiently proven in the previous customer-supplier relationship.

By using the credit memo procedure in SAP, the effort involved in the entire order processing is reduced to a minimum. Another effect is the reduction in inventory: the stocks of materials that were converted to the new procedure have fallen by around 40%, and this with the best possible availability.

The simulation carried out by Abels & Kemmner shows an overall reduction potential of well over 50% - congratulations Hansgrohe!

ABOVE

The **Hansgrohe SE** with headquarters in Schiltach in the Black Forest has earned a reputation as an innovation leader in technology and design in the sanitary industry over the course of its more than 100-year history. In 2019, the company generated revenues of Axor, Hansgrohe, Pharo and Pontos generated sales of EUR 1.08 billion. On this basis, the company created new jobs at home and abroad last year.

The Hansgrohe Group currently employs more than 4,700 people worldwide, two thirds of whom work in Germany. The company produces in five German plants, in France, the Netherlands, the USA and China.

www.hansgrohe.com