

iGrafx® Case Study

Promax Takes Process Management to the Next Level

"In just 9 months, Promax has saved \$180,000 in labor cost, increased operational efficiencies by 30%, and has seen a 15% increase in customer satisfaction."

Don Ortiz, Manager, Parts Distribution Center



FOCUS

Process Improvement in Promax Logistics LLC

CHALLENGE

To improve productivity and be compliant with ISO 9000:2000

SOLUTION

iGrafx® FlowCharter™ and 4aBetterBusiness, Inc. consulting services

BENEFITS

- \$180,000 savings in direct labor cost
- 30% increase in operational efficiencies
- 15% increase in customer satisfaction

The Story

Promax Logistics L.L.C. is a wholly owned U.S. subsidiary of Itochu Corporation, a Global Fortune 50 Japanese trading company. Promax offers manufacturers solutions for every aspect of the supply chain, including warehousing finished goods, supplying just in time inventory, packaging products for the marketplace, transporting supplies, and importing and exporting goods and supplies from around the world.

In this extremely competitive environment, Promax management is constantly looking for ways to refine and improve its processes to deliver a superior level of service as cost effectively as possible. That's why when Promax started to pursue ISO 9000:2000 certification in early 2003, they viewed the effort as a catalyst for taking their process management to the next level.

The Challenges

"We had several goals we needed to achieve at the same time," explains Don Ortiz, manager of Promax' Parts Distribution Center. "Like many companies, Promax faces cost pressures from customers. This requires constant improvement and cost reduction. Secondly, our business is expanding into manufacturing support,

where Promax performs pre-work on parts before distributing them. This requires us to be flexible, and to reliably develop new processes with very high first-run capability. Finally, we wanted to get ISO 9000 certification as efficiently as possible. To accomplish all these objectives, we felt we needed to examine all our internal practices and optimize them across the organization."

Ortiz and his organization interviewed numerous consultants to help them with their process optimization and ISO 9000 certification. Most offered a paper-intensive approach focused solely on certification, which Ortiz had experienced in other ISO 9000 efforts. However, one consulting firm stood out from the rest—4aBetterBusiness, Inc. 4aBetterBusiness helps companies implement a visual, process-based system that provides a clear path to large-scale improvement, transfers expertise to its clients, and achieves quality system certifications such as ISO 9000 as a by-product.

The Solution

The first step 4aBetterBusiness took was to capture the details of Promax' processes based on in-depth interviews with key employees on the front-line of the company's operations. "Taking the time to capture process information from the people who do the work yields more accurate data and at the same time increases the buy-in and successful adoption of any follow-on initiatives," says Paul Vragel, President of 4aBetterBusiness.

Using the data gathered from these conversations, a small team from 4aBetterBusiness then built a detailed graphical depiction of Promax' day-to-day process flows. Over the years, Vragel has found that diagramming does a much better job of capturing internal business processes than text-based approaches. Graphical flows promote a clearer understanding of how tasks, activities, and processes actually occur and interrelate within an organization.

More importantly, the graphical system enables management to quickly pinpoint and address organizational inefficiencies, helping management and employees break down informational and departmental silos.

4aBetterBusiness relied on the iGrafx® family of process management tools to both capture Promax' business flows and to act as a framework for ISO 9000 certification. The 4aBetterBusiness team quickly diagrammed Promax' flows using iGrafx Flowcharter™. The set of linked process maps that were created captured all of Promax' processes and interactions. The maps are organized to make it easy to move from a "30,000 ft" view of the company to the details of each process.

Links were also created to additional applications and supporting documentation. With a simple click of the mouse Promax management can drill down to any point in the processes to view critical operations and interactions. This set of linked processes and supporting documentation provides a foundation for refining and improving process management within Promax. As a by-product, it forms the basis for the ISO certification effort.

"We have used the iGrafx suite of tools successfully for years and our clients are really impressed with them," states Vragel. "They are by far the best tools for portraying complex processes. You can distill a wealth of information on an organization's practices with easily understood graphics and direct links to any supporting documentation. Through the process understanding that develops, an organization can make rapid progress in improving productivity and profitability."

The work started in early January 2003 and covered several of Promax' largest locations. Less than 30 days after starting, all of the processes were mapped out. A management team workshop was then held in early February.

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PROMAX

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Over a long weekend, 4aBetterBusiness and the entire Promax management team carefully reviewed all of Promax' processes from front to back and top to bottom. Ortiz and his team especially liked seeing the processes and interactions graphically. "Trying to dissect a complicated process from a text description can get confusing really fast," Ortiz says. "The information-rich graphics formed a source of intelligence on our business practices, enabling us to focus the bulk of our discussions on improving what we do."

Although the management sessions lasted 10-12 hours each day, the Promax team was intently involved the whole time and was amazed at how much they learned about their work flows. Ortiz took advantage of having all the decision makers in one room and encouraged them to start working on improving their process management systems. For example, the team discovered identical processes being executed in a variety of ways across the company. In these cases, the team evaluated the alternative approaches, chose the best one, documented it, and put in place the actions to standardize the practice across the company.

Some "sand in the gears" could be resolved immediately, based on knowledge of the processes and the decision-making capability which was part of the workshop. Other processes such as order management demanded immediate attention, but additional evaluation was required to determine an effective solution. Several follow-up meetings were held. The Promax managers took each of these processes, tore them down and rebuilt them to achieve a more optimized flow. "FlowCharter was key in supporting our process understanding and helping us

to quickly and effectively improve these critical processes in a very short time frame," recalls Ortiz. "Not only is it straightforward to learn, but it is very easy to update."

The Benefits

The results from this in-depth analysis have been immediate and tangible. Encouraged by their common understanding of the company's day-to-day processes, Ortiz and his managers immediately got to work implementing their initial set of process changes.

Ortiz lists off the impressive benefits already achieved:

- Common understanding of processes
- Agreed-on best practices, with defined accountability and responsibility
- Reduced error and damage rates
- Reduced shipping time from 5 days to overnight
- Rapid, low risk implementation of changes
- Improved morale yielding improved performance
- Removed the "sand in the gears"

These improvements have had a positive impact on Promax' bottom line. "In just nine months, Promax has saved \$180,000 in labor cost, increased operational efficiencies by 30%, and has seen a 15% increase in customer satisfaction," explains Ortiz. "Even more impressive, we achieved this without making any capital investments, or implementing any new computer systems beyond use of the iGrafx software. We couldn't be happier with the results and eagerly look forward to achieving even higher levels of productivity."

As for the certification effort, it is right on schedule with certification expected in the first quarter of 2004. The documentation required by ISO 9000 emerged naturally from the interviews conducted by 4aBetterBusiness and the graphical process maps. The supporting documentation captured within FlowCharter created a powerful framework for certification.

Ortiz says: "I am pleased at how efficient the whole undertaking has been so far, considering we conducted a thorough review of all Promax' processes and improved critical processes while pursuing ISO certification."

Next Steps: In-Depth Analysis for Further Optimization

Encouraged by the substantial results already realized, Promax management is committed to pursuing more process management improvements and will continue to rely on iGrafx solutions during the ongoing effort.

In addition to FlowCharter, Promax will also deploy the iGrafx Process™ tool. Working in conjunction with FlowCharter, iGrafx Process provides in-depth analysis capabilities for exploring "what if" scenarios. Promax will use the tool for determining the optimal improvement for each of the identified areas that will yield maximum return at the most affordable cost.

"I liked everything about the effort, but especially the speed at which we have seen results. This reinforces to everyone the value of what we were doing, and has built momentum to continue our efforts" reflects Ortiz. "Thanks to both 4aBetterBusiness and iGrafx, we had a smooth process of preparation for ISO certification. More importantly, we are achieving significant improvements through use of our process management systems. We look forward to realizing even higher productivity with the help of the iGrafx tools and the 4aBetterBusiness team."

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Promax puts the process-based approach described in this case study to work for you, to efficiently and effectively manage your transportation needs.

Interested? Contact Richard Doran at (513) 603-6006, or email: rdoran@promaxauto.com

4aBetterBusiness

4aBetterBusiness uses a collaborative, process-based approach to help organizations rapidly reduce costs, improve productivity, and increase flexibility, quality & customer satisfaction. You get buy-in by managers and employees. Our practical approach improves your existing processes, relations within the organization, and change management. We transfer expertise to your organization for ongoing success.

4aBetterBusiness has applied this collaborative, process-based approach in many types of manufacturing and service organizations.

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