



Case Study: Reducing Cost of Containment Issues

"We've got a containment problem." Hopefully your organization is hearing those words less and less frequently. But if you do hear them, how fast can your organization react? That is the dilemma one major automotive manufacturer faced. In the past, the response has been to break out clipboards, pens and magnifying glasses, depending on the readability of the product serial number or vehicle identification number (VIN).

The Challenge

Product "containment" is almost always ugly. So the next best thing to avoiding a product containment issue is to get out from under it fast. That's just what ASI DataMyte Audit Manager customers are doing! The automotive manufacturer mentioned earlier was able to reduce a typical five-day audit to a single day's task. The following case study walks through a typical product containment scenario:



Inspectors discuss problems with binding outside mirrors on sport utility vehicles coming down the assembly line.

A product containment event occurs. It has been reported that the right-side passenger mirror on the SUV being assembled is binding when moved to the upper right position. Vehicles are now being routed to a special holding area and the clock begins ticking. The potential repair cost is huge.

To complete the audit, three lists of vehicles will need to be generated. These lists include:

- Vehicles inspected and found to be OK
- Vehicles inspected that need to be repaired
- Vehicles that are no longer available for repair and that may have been shipped to a dealer

Here are some of the typical challenges when a manual "clipboard" method is used to complete the containment audit:

- The use of paper and pen slows the process and runs the risk that a certain amount of the data will be flawed. Additional errors will be introduced into the audit due to data being misread, written illegibly or improperly keyed during the entry process.
- Each additional error further expands the impact of the containment problem. Issues that might have been resolved at the plant will now involve the dealer, or even worse, the end customer. An issue that might have cost one dollar to correct at the plant will cost at least three dollars at a dealer and six or more dollars at the consumer level. Each unaddressed event may also expand the company's legal liability.
- Shipping delays may result in lost sales due to product not being available to potential customers.
- Delays in invoicing product also add significantly to the cost associated with a containment event.

In addition, manufacturers also incur both repair costs at the dealer's location and holding costs for the number of days the vehicle is not available for sale.

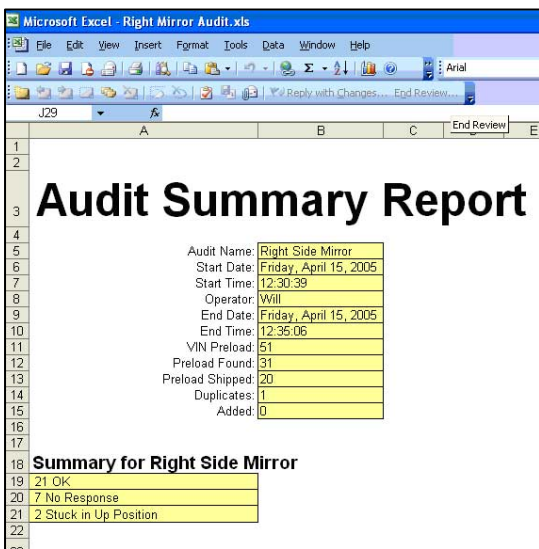
The Solution

The manufacturer has implemented the ASI DataMyte Audit Manager system at this particular truck assembly plant. Audit Manager delivers the ability to reduce the average containment audit from five days to a single-day event. The quality of the data collected also improves dramatically.

Factors that account for this increase in efficiency and data improvement include:

- Audit Manager software’s ability to configure and download the audit to the data collector in a manner of minutes
- The ability to download a list of VINs to the Audit Manager data collector gives the auditor real time feedback to know if the vehicle being inspected is or is not a member of the “suspect lot”.
- The data collector’s prompts and choice lists help ensure data quality
- The employment of bar code scanners and interfaced gaging increases the amount of data. Downloading reports to a spreadsheet and report generation occur in minutes if not seconds. Reports include: Summary report by status; list of vehicles by VIN, status and date/time inspected; list of suspect VINs for which no audit was conducted; and list of VINs found

Although this event occurred in the automotive industry, it could happen anywhere, including industries as diverse as aerospace, appliance manufacturing, electronics or medical devices. Being able to react quickly and effectively to a product containment event can have a dramatic impact on the bottom line.



Cost associated with invoice delays		Manual Method	Audit Manager Employed
Number of Vehicles in Containment		250	250
Average vehicle invoice price		\$40,000	\$40,000
Cost of Capital (Interest Rate)		5.0%	5.0%
Number of days invoicing is delayed		5	1
Containment cost due to invoicing delay		\$6,868	\$1,374

Cost associated with invoice delays		Manual Method	Audit Manager Employed
Number of Vehicles in Containment		250	250
Average vehicle invoice price		\$40,000	\$40,000
Cost of Capital (Interest Rate)		5.0%	5.0%
Number of days invoicing is delayed		5	1
Containment cost due to invoicing delay		\$6,868	\$1,374

The Audit Summary Report for the binding mirror problem.