Sustainable Supplier Development at Siemens: Lean@Suppliers
Target of Lean@Suppliers

Target

With the Siemens Production System (SPS) we successfully improve the performance of our own plants since years. Now we want help your suppliers participating from our well experienced approach.

The approved approaches and methods of SPS are now provided to our suppliers with the sustainable supplier development program "Lean@suppliers" to support them regarding continuous and sustainable improvements within their quality and delivery performance as well as their related business processes with Siemens. Target is to increase the productivity of the holistic value chain.

- Improvements regarding productivity, delivery performance and quality at our suppliers
- Increase of delivery performance and productivity as well as reducing costs in the holistic supply chain to our customers
- Stabilization and improvement of level of partnership between our suppliers and Siemens
- Help for self-aid at our suppliers
- Improvement of customer satisfaction along the whole value chain
Our vision
End-to-End supply chain optimization

The way

1. We optimize ourselves to be a role model
2. We support our suppliers optimizing their performance
3. Together with our suppliers we optimize the interfaces

Supplier 2nd tier → Supplier 1st tier → SIEMENS SPS → Customer

Orders → Technical documents

Lean@Suppliers 
Lean in the Supply Chain
The scope is to eliminate waste in all material and information flow processes.
Currently the "Lean" philosophy of SPS is pulled more and more by other functions …

SPS is being adapted to the needs of other "functions" individually …

… as the Principles behind the SPS are also applying for them.
Is there an additional benefit by optimization of the entire value chain with "Lean"?

We need a COMMON approach beyond functions …

… if we want to optimize the entire value chain.
## How we support our suppliers

**Lean@Suppliers Process**

<table>
<thead>
<tr>
<th>Time</th>
<th>Preparation</th>
<th>Implementation</th>
<th>Value capturing &amp; Follow up</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-8 weeks</td>
<td>Project set up</td>
<td>Diagnosis week</td>
<td>Transformation</td>
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<tr>
<td></td>
<td>- Identification of suitable candidates by Siemens procurement</td>
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<td></td>
<td>- Meeting with supplier for project proposal → Buy In</td>
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<td></td>
<td>- Set up of Siemens team including lean experts from factories</td>
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<td></td>
<td>- Set up of supplier team</td>
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<tr>
<td>5 days</td>
<td>Diagnosis week</td>
<td>Transformation</td>
<td>Realized potentials</td>
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<tr>
<td></td>
<td>- Mgmt. lean training</td>
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<td></td>
<td>- SPS screening</td>
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<tr>
<td></td>
<td>- Value Stream Mapping &amp; Design</td>
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<td></td>
<td>- Implementation roadmap</td>
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<td></td>
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<td></td>
<td>- Potential estimation</td>
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<tr>
<td>6-9 months</td>
<td>Transformation</td>
<td>Long term sustainability</td>
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<td></td>
<td>- Lighthouse projects</td>
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<td></td>
<td>- Interface optimization</td>
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<td></td>
<td>- Support of lean experts (e.g. Siemens)</td>
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<td></td>
<td>- Start of Kaizen phase</td>
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<td></td>
<td>- Training of experts and management</td>
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<td></td>
<td>- Regular reviews and coaching by Siemens</td>
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<tr>
<td>ongoing</td>
<td>Realized potentials</td>
<td>Continuous and sustainable performance improvement</td>
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<td></td>
<td>- Sharing of benefits</td>
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<td>- Monitoring</td>
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<td>- Definition of further steps towards lean journey</td>
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<td></td>
<td>- Regular follow up meetings</td>
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</table>

### Tasks

- **Preparation**
  - Project set up
  - Identification of suitable candidates by Siemens procurement
  - Meeting with supplier for project proposal → Buy In
  - Set up of Siemens team including lean experts from factories
  - Set up of supplier team

- **Implementation**
  - Diagnosis week
  - Mgmt. lean training
  - SPS screening
  - Value Stream Mapping & Design
  - Implementation roadmap
  - Potential estimation

- **Value capturing & Follow up**
  - Transformation
  - Lighthouse projects
  - Interface optimization
  - Support of lean experts (e.g. Siemens)
  - Start of Kaizen phase
  - Training of experts and management
  - Regular reviews and coaching by Siemens

### Output

- **Project set up**
  - Agreement on common project
  - Date for diagnosis week

- **Diagnosis week**
  - Commitment on roadmap and potentials

- **Transformation**
  - Sustainable performance improvement
  - Interface optimization
  - (Basic) lean know how

- **Realized potentials**
  - Supplier
  - Siemens procurement

### Responsible

- **Project set up**
  - Siemens procurement
  - Supplier

- **Diagnosis week**
  - Siemens procur., lean experts
  - Supplier

- **Transformation**
  - Supplier
  - Siemens procurement
Lean@Suppliers Process
Diagnosis week

**Diagnosis phase**

<table>
<thead>
<tr>
<th>Day 1</th>
<th>Day 2</th>
<th>Day 3</th>
<th>Day 4</th>
<th>Day 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>08:00</td>
<td>Value stream design</td>
<td>Set up of roadmap</td>
<td>Presentation results diagnosis week</td>
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<tr>
<td>15:00</td>
<td>Introduc-</td>
<td>Business case calculation; Potential estimation</td>
<td>Preparation results</td>
<td>Agreement on further proceeding</td>
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<td>16:00</td>
<td>Mgmt. Training</td>
<td>Value stream analysis</td>
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<td>17:00</td>
<td>Lean Game</td>
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</table>

**Exemplary implementation roadmap**

**Roadmap**

<table>
<thead>
<tr>
<th>Month</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2-3 days</td>
</tr>
<tr>
<td>2</td>
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<tr>
<td>3</td>
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<td>...</td>
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</tbody>
</table>

- Management Training
- CIP – Continuous Improvement
- Training Waste Elimination
- CIP Training and Workshops
- Cell Configuration "Topline" Assembly
- 1st Workshop Value Stream Analysis
- Configuration 1st Cell
- Configuration 2nd Cell
- Total Productive Mainten. at SMD-Line
- Gathering Interrupts (time + cause)
- Pareto-Analysis & Workshops Reduction of Breaks
- SMED at SMD-Line
- Workshops
- Reduction of lot sizes

- Components of LK plant
- Employees SMD-Line
- Managers of the plant
## Lean@Suppliers Process
Transformation status meeting

### 2. Status report in March 2011

<table>
<thead>
<tr>
<th>Activity</th>
<th>Verantwortlichkeit</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td><strong>Management Training</strong></td>
<td>Managers of the plant</td>
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<tr>
<td><strong>CIP – Continuous Improvement</strong></td>
<td>Employees &amp; CIP-Assistant</td>
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<tr>
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<td>Employees &amp; CIP-Assistant</td>
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</tr>
<tr>
<td><strong>Cell Configuration &quot;Topline&quot; Assembly</strong></td>
<td>Components of LK plant</td>
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</tr>
<tr>
<td>- 1st Workshop Value Stream Analysis</td>
<td>&quot;Topline&quot; assembly</td>
<td></td>
</tr>
<tr>
<td>- Gestaltung 1. Zelle</td>
<td>&quot;Topline&quot; assembly</td>
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<tr>
<td>- Gestaltung 2. Zelle</td>
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<tr>
<td><strong>Total Productive Maintenance at SMD-Line</strong></td>
<td>Employees SMD-Line</td>
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Your contact if you are interested in Lean@Suppliers

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... or your contact person from procurement