

On Time Shipments Improved from 70% to 95%
Misshipments Reduced from 10% to 1%
Returns Reduced from 1 in 10 to Zero

**Big Problem for Customer is Small Problem for
Competent Supplier**

Hundreds of Thousands of Dollars in Capital Investment Avoided

by Tom Ingram, PMP

“Our two big problems were having material on time and correct packaging. Web Converting solved both our problems.”

**Fred Narron,
former Product Manager**

Imagine yourself as part of a team facing a supplier crisis. Your company has entered a new market requiring extremely precise performance by your supplier, but you have gone through three suppliers so far, and none have gotten the job done.

You always seem to have plenty of the wrong materials on hand, but have to place rush orders to get the materials you need. The problems are piling up to the point where you almost hate to see a new order from your customer. The account manager responsible for servicing your customers is in your office almost daily insisting that something must be done.

Does this sound familiar? Have you ever found yourself in this situation? Following is how Jones Industries and Web Converting teamed up to solve the problems and produce dramatic improvements in on-time shipments, reductions in misshipments and reductions in returns. Hopefully, this case will provide some tips for the next time you face such a situation.

Jones Industries is a supplier of non-woven and woven textile construction

material. (Jones Industries is not the company’s real name. Names of companies, people and markets in this paper are disguised in order to protect confidential and competitive information.) Comments and insight for this case are provided by Fred Narron, former Product Manager for this line of products, Ted Ward, current Product Manager and Shelly Owen, Account Manager.

Web Converting is a leading national supplier of precision slitting/convertingⁱ services and several additional services that help its customers be more profitable and efficient.

Problem: Jones Industries wanted to take its expertise in textile construction material and enter the market for supplying a new industry. The targeted industry requires extremely tight tolerances on materials shipped, precise quantities shipped and specific delivery dates (JIT – Just In Time shipping.)

Results

| Measure | Before | After |
|-------------------|--------------------|-------|
| On-Time Shipments | 70% | 95% |
| Misshipments | 10% | 1% |
| Returns | 1 out of 10 orders | 0 |

Jones Industries has its own slitting / converting facilities, but encountered some difficulties. Narron explains, “We are a slitter/converter ourselves, but we are not set up for the precision required by the new industry. We needed to convert material down to less than one inch with 2-millimeter tolerances, which is much tighter than we are used to. We could perform 70-80% of the work on the business we were after, but we needed to outsource the precision slitting/converting. Our three previous suppliers were just unable to meet our performance requirements.

We were in a very difficult situation. Suppliers were not performing and bringing up a new manufacturing line in-house would require a large capital investment and take six months or more.”

Narron continues, “We almost feared getting orders – we always had plenty of the wrong material on hand. The problems piled up, and it seemed like every order we needed from our supplier was a rush order.”

Shelly Owen describes the problems with paperwork and billing: “With our previous suppliers, we were not getting the paperwork we needed. For example, we needed documentation when they would direct ship material to our end customers. They would ship material, but not send us the correct paperwork. We could never bill our customer and get paid!”

Fred Narron adds, “Things were overwhelming, with lots of documents, material, and paperwork. Paperwork from our earlier suppliers was very poor. It was incomplete, handwritten and vague.”

In addition to all the above difficulties, Jones Industries now had to do business with plants in Mexico. This presented language barriers, cultural issues and logistics challenges.

“Web Converting was the fourth supplier that we tried, and things got better immediately.”

Fred Narron,
former Product Manager

Solution: Together, Jones Industries and Web Converting worked to solve the problems. Following are some highlights. The diagnosis showed that Jones Industries needed the following key items from its slitting/converting supplier:

- Tolerance accuracy (quality)
- Quantity accuracy
- Just In Time delivery
- Reporting on yield and up-to-the-moment reporting on raw and finished inventory.
- Billing and paperwork accuracy
- Reliability

Narron comments that, “Web Converting was a breath of fresh air. J.C. Cardone (the sales executive) and Teresa Langley, (customer service manager) did everything they said they would do. Teresa would give us the facts – good news or bad news.”

Logistics: Web Converting’s solution also gave Jones Industries the capacity to better respond to their customers’ geographic needs. Web Converting enabled them to ship from Dallas to Mexico instead of from North Carolina to Mexico.

Quality: Ted Ward describes how a technical problem was solved. “Our former slitter / converter’s spools were falling apart in the middle. They wouldn’t get a tight enough wind on the spool, so when a box was opened, we would get a ‘pile of spaghetti.’ Web Converting resolved the problem easily – it has never been an issue since we began using them.”

“We have been extraordinarily pleased by Web Converting’s service and responsiveness.”

Ted Ward,
current Product Manager

Ted Ward describes Web Converting’s approach to the problems: “J.C. Cardone was instrumental in pulling things together. He told me that his job is to ‘grease the wheels and make things happen’ – and that is what he did. He made sure that our switch to Web Converting happened seamlessly and efficiently.

Most of the improvements we needed when we switched suppliers were part of Web Converting’s SOP (Standard Operating Procedure). This is indicative of the quality of their operation.”

Jones Industries found that they wanted to expand the use of Web Converting’s services to include Web Converting’s Atlanta plant.

Ward continues, “We got what we needed from J.C. with just a phone call. He cut through the red tape, facilitated a trial for us, and helped us quickly get up and running with orders through Web Converting’s plant in Atlanta.”

“I just can’t say enough about Web Converting’s reporting. It is awesome.”

Shelly Owen,
Account Manager

Reporting: It turns out that reporting and paperwork are critical issues when outsourcing part of a supply operation. Without accurate reporting and billing, you never know if you are really in control and, inevitably, you suffer unpleasant surprises.

Fred Narron explains: “Web Converting provided us with dramatically improved reporting and paperwork in the key areas we needed. This included:

- Raw inventory
- Finished inventory
- Waste (or) Yield %
- Billing and Paper flow

This made Shelly’s life much easier. When we started using Web Converting’s Atlanta facility, we requested that Web Converting Atlanta provide us with the exact same reporting we were accustomed to from the Dallas plant. Though this took some time and cost, Web Converting honored our request.”

Shelly Owen adds, “Reporting was a huge issue when we chose Web Converting.” In the following section, Owen comments on why the reporting is so critical:

Raw inventory at Web Converting. Owen explains, “I have to get the raw material to Web Converting so they can slit/convert it. If I send them too much, we have waste and extra cost. If I send too little, we can’t meet our customers’ orders or we end up with rush costs.”

Finished Inventory at Web Converting. Owen continues, “Sometimes we need to build up finished goods inventory to prepare to respond to customer peak demands. This reporting accurately lets me know where we stand.”

Shipping Documentation. Ms. Owen went on to say, “As discussed above, if we don’t get accurate shipping information, we have trouble getting paid by our customers.”

Waste / Yield Reporting. Owen: “With our previous supplier, I had to assume 5% waste because I couldn’t get accurate information. With Web Converting, we know where we are. This is important for accurate accounting and costing.”

Billing. “Previously, we were not getting accurate bills in a timely manner. Today, I am confident in Web Converting’s bills. They are accurate and on time,” Owen commented.

Results: Shelly Owen describes some of the improvements this effort has yielded: “We have had a definite improvement in timely shipments. Before, we had about 70% on time. With Web Converting, 95% of our shipments are on time.

Misshipments are also down. Before, some 10% of orders were misshipped. Today, it is 1% or less. We have had some delayed shipments, but they were not surprises. We knew about the delays and the reasons for them.

Returns have seen improvement as well. Before Web Converting, there would be some type of return of 1 out of 10 orders. Today, we are experiencing no returns.”

Remember also that the new target industry has extremely tight tolerances and quality standards. To make these types of improvements and sustain the performance over time says quite a bit about Web Converting. As Ted Ward comments, “Most of the improvements we needed when we switched suppliers were part of Web Converting’s SOP (Standard Operating Procedure). This is indicative of the quality of their operation.”

“Our quality of life improved dramatically.”

**Fred Narron,
former Product Manager**

As noted above, another result of the joint effort has been to shift orders from another slitter/converter to Web Converting’s Atlanta plant.

Fred Narron makes one of the most telling comments about the project: “Our quality of life improved dramatically.”

Tips for Those Facing Similar Situations: The Jones Industries team

offers some suggestions for those facing similar supplier problems.

Shelly Owen: “Open communication is critical. Make sure when you are talking to a new supplier/converter that they understand your language. We could have done a better job with our suppliers. For example, a ‘release’ to us means authorization to ship. It doesn’t mean the same to everyone.”

Regarding reporting and paperwork, Owen continues, “Think these issues through up front. Do not assume they will fall into place. Teresa (Web Converting’s customer service manager) went through all her available reports and allowed me to pick just the ones I wanted. This kept me from being overwhelmed by reports and paper I didn’t need. For example, our unit of measure is square yards. Teresa was able to convert to our unit of measure and provide reports in square yards.

“Teresa [the customer service manager] in Web Converting’s Dallas plant is a superstar. I can’t say enough good about her. She will go the extra mile for you. **She even traveled to our plant to meet with me to make sure the reporting and paperwork would be right!**

**Shelly Owen,
Account Manager**

Patience is also important. You have to work with people and give them a chance to perform. I would also strongly recommend that companies do trials with new suppliers. Do not jump in too fast – test things out first. Also, have your manager involve the people doing the work. This should be a team effort including everyone that has a role.”

Owen makes some significant observations about customer service: “Teresa [the customer service manager] in Web Converting’s Dallas plant is a

superstar. I can't say enough good about her. She will go the extra mile for you. She even traveled to our plant to meet with me to make sure the reporting and paperwork would be right! I can trust that she will call me if I am running low on material.

J.C. [Web Converting's sales executive] is the one that sold us on Web Converting, but it is Teresa and customer service that keep us sold."

Ted Ward makes a final observation: "When you are looking for a precision converter, Web Converting is a quality organization that performs the job with professionalism. They are a very good organization – easy to work with."

 WEB CONVERTING

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About this Case Study...

The research for this paper has included multiple interviews and sources of data to help provide a balanced picture and confirm key assertions. It is written as a teaching and communication tool and is not intended to fully describe exact details or dialog. Contact Tom Ingram & Associates, Inc. if you have questions about this case. This paper has been prepared for a fee. **You are free to duplicate and redistribute this paper**, provided you distribute it as a whole, with credit to Tom Ingram & Associates, Inc.

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Since 1983, Tom Ingram and his project teams have delivered over \$15 million in project contracts substantially on time, on budget and as promised. These projects have generated some **\$55 million in measured benefits for clients**. Ingram has published two dozen articles and newsletters. His book, *How to Turn Computer Problems into Competitive Advantage*, was published by the Project Management Institute in 1998. This case study is part of Ingram's ongoing efforts to recognize, promote and teach about *High Impact Projects*.

ⁱ Slitting / converting is the process of taking large rolls of raw material (24 inches and larger) and "slitting" the material into smaller widths – one inch or less in this case.