

The Challenge

To define a process that will enable the GDNT team to identify significant product cost reductions opportunities and have the capability to convert them into actual financial results by adopting a project management methodology adapted for CR projects.

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Guangdong Nortel (GDNT) a Chinese joint venture located in Shun de in the telecom equipment manufacturing sector, was becoming the global suppliers of all Nortel customers worldwide for its wireless GSM equipment of 2nd generation. Also with the venue of 3rd generation wireless GSM equipment, the organization was face with a big challenge to cost reduce rapidly its product line currently manufactured in its factory. Initial cost reduction of localizing the components were already achieved, therefore, they needed to find other opportunities in order to meet the constant need of proving CR to Nortel customers.

To meet the needs of GDNT, Protrain china leaders were mandated to developed a program that would allow to identify product cost reductions opportunities and deliver them to the market.

The Protrain China Solution

The solution deployed by us was based on planning and managing a large Value Analysis Value Engineering session including , designers, manufacturing & test engineers, quality leaders, installation and field engineers, purchasing managers and 15 key suppliers. This session allowed the team to identify opportunities exceeding 30% of cost reduction. Following the session we organize two training sessions, one to provide the tools and knowledge to justify CR projects and the second to review the fundamentals of project managing cost reduction projects.

The Deliverables

This project was managed completely from Shun de, Guangdong, China, and included :

- Planning, organization and facilitation of a Value Analysis Value Engineering sessions with more then 80 participants over 3 days
- Delivery of an opportunity assessment report based on idea generated at the VAVE
- Training of 20 people on how to justify cost reduction projects
- Training on fundamentals to project manage cost reduction projects

The Results

The results of the VAVE produce outstanding cost reduction coming from opportunity in material substitutions, new technology, new processes, elimination of non value added functions and finally , design improvements.

- Immediately applicable with very little investments was about 10% of cost reduction
- An additional 10% was achievable with minor qualification or substitutions efforts within 6 months
- The rest of opportunities were bundle into one Cost reduction projects that deliver the following years and delivered an additional 10% on top of the previous 20% achieved.
- The VAVE is now an institutionalize practices at GDNT.

