

Katcon is a global company with a presence on 5 continents that designs and manufactures exhaust systems and catalytic converters for the automotive industry.

As part of Katcon Mexico's continuous improvement initiatives, we developed along with London Consulting Group the project called "Time for Change" with the objective of strengthening the operational excellence processes and improving our personnel's performance, obtaining the following achievements:

**Main models and activities carried out:**

- **Programming and Planning Model** to optimize production sequences and the use of resources.
  - Design of the capacity plan tool to determine production and human resources strategies in the short and long term.
  - Configuration and implementation of Navision's MRP/MPS/FCE modules. Materials, workforce and machine's planning.
- **Balance of Lines and Work Design** in order to increase productivity of the manufacturing cells.
  - Timing and movement studies to identify time wasted and low added value tasks.
  - Restrictions analysis in each work station to eliminate bottlenecks.
- **Floor Control Model** to improve efficiency in the production lines.
  - Implementation of automated indicators and control panels to measure and manage the use of time, speed and quality of the line.
- **Maintenance Model** to improve the availability of equipment and reduce down time.
  - Strengthening of preventative maintenance routines and an increase in compliance with the plan.
  - Implementation of the Prisma system for the management of equipment work orders.
- **Initiatives for the Reduction of Manufacturing Expenses.**
  - Implementation of the Kaizen Projects Fair that focuses on initiatives for the reduction of manufacturing expenses due to: elimination of rework, reduction of waste, consumption control, negotiations with suppliers.
- **Active Supervision Model** to improve management skills for managers and supervisors.
  - Design and shoulder-to-shoulder implementation of typical days and supervision routines.

The project's economic benefits have met our expectations, achieving at the end of the project a ROI of 1.5 to 1 and a projected ROI 12 months after the implementation of 3.9 to 1.

- **A 30% increase in personnel's productivity** (Payroll vs. Added Value Sales). Measured against the same product mix.
- **A 50% increase in efficiency at the lines** (use of time, speed and quality).
- **An 18% reduction in manufacturing expenses** associated with production volume accounts (electric power, miscellaneous consumables, spare parts, safety equipment, consumables and lubricants).

It is worth noting that London Consulting Group's work was not limited to providing improvement suggestions, but also worked in conjunction with our personnel to design and shoulder-to-shoulder implement the changes in the organization.

Based on the aforementioned, we would like to highly recommend London Consulting Group for the work performed and thus we have decided to continue working with them on new improvement projects for our operations in China.

Sincerely,

Carlos E. Turner González  
CEO Global Katcon