



THE ROBERTS COMPANY, LLC

Information Technology and Risk Services

3394 Holly Oak Lane, Escondido, CA 92027

TEL: 760.550.2160 * FAX 760.839.2160

E-mail: robertputrus@therobertsglobal.com

<http://www.therobertsglobal.com/>

Major Outsourcer of Manufacturing & Assembly Company

CASE STUDY

Vendor Performance: Due-Diligence, Review, and Recommendations of Parts Delivery Performance

❑ The Challenge

The Company is a U.S. based global manufacturer and assembler of steel products operating as a tier-1 supplier and outsourcer to a major transportation final assembly company.

The Company's management and its major Customer wanted to identify the root cause of poor delivery performance that was impacting the Customer schedule and commitment obligations.

The Company had been growing at a fast pace, making too many rapid changes to its major processes that were neither documented, reviewed, assessed, nor tested.

The Company operations were migrated to a new Enterprise Resources Planning (ERP) system while part of the operations continued to operate on a legacy business and operation computer application. Newly implemented modules were: General Ledger, Accounts Payable, Bill of Materials, Purchasing, Job Costing, Master Production Schedule, and Material Requirement Planning. However, Order Entry and Accounts Receivable were not migrated and were ran and maintained through the old legacy modules of the computer system. In addition, a "Bin Locator System" was running as a standalone third application.

The Company finance and shop floor departments were centralized in one location. Information entered into and reported from the computer system was not reliable.

❑ The Approach

The project approach adopted was as follows:

1. Performed "due-diligence" of poor performance schedule in delivering product on time.
2. Interviewed key Company personnel who had a direct impact on part production schedule performance.
3. Reviewed the Company action plan to correct its delivery performance.
4. Assessed the Company's ability to make timely corrections to its performance.
5. Provided recommendations of corrective measures to Company senior management.

❑ The Outcome

1. Identified and prioritized the major issues causing the Company non-conformance to committed delivery schedule.
2. Re-designed the accountability of the process leader personnel in entering and reporting production information.
3. Transitioned from three (3) to one (1) computer systems in planning, managing, and reporting the Company transactions.
4. Provided higher level of controls and accuracy to the status of inventoried items.
5. Designed and implemented new training program for the shop floor personnel.
6. Assessed the ratio of number of shop floor supervisors to shop floor personnel.

- ✓ Must you comply with and maintain Sarbanes-Oxley Act Section 404?
- ✓ Are you concerned about the Internal Controls within your company?
- ✓ Does your IT function support your company business processes & objectives?
- ✓ Does your company need Fraud Protection Programs?

Our Services Include:

- ❑ Sarbanes-Oxley Act- Section 404 Compliance
- ❑ Corporate Governance and Entity Level Controls
- ❑ Corporate Governance Compliance
- ❑ IT General Controls
- ❑ Fraud Deterrence and Prevention Services
- ❑ Information Technology: Policy Development & Compliance
- ❑ Operations Processes: Policy Development & Compliance
- ❑ Accounting Processes: Policy Development & Compliance
- ❑ Corporate Governance: Policy Development & Compliance
- ❑ Application Due Diligence and Testing
- ❑ Gramm-Leach-Bliley Act
- ❑ SAS 70 & SAS 94
- ❑ ISO 17799/27000 Compliance Services
- ❑ IT Planning and Assessment

Delivering IT Compliance Services