

Customer Keynote



Dan Boyd

Supplier Program Manager, Boeing Defense Space & Security (BDS)

Dan has been in the aerospace industry for 45 years and has worked for Cessna Aircraft, Weber Aircraft, Boeing Wichita and Murdock and Rockwell. Dan has been with Boeing for 35 years and has been a Supplier Program Manager for Boeing Defense, Space and Security (BDS), Complex Machined Parts for the past 6 years. In this capacity, Dan's responsibilities include process improvement initiatives throughout the supply chain, and serves as a Kaizen Leader conducting Lean events at supplier companies.

Dan has a Master's of Science in Supply Chain Management from the University of San Diego and Professional Designation in Materiel Management from UCLA.





Vision 2016-**People working together as a global enterprise for aerospace leadership**

STRATEGIES-

Run healthy core business

Leverage strengths into new products and services

Open new frontiers

CORE Competencies

Detailed customer knowledge and focus-

we will seek to understand, anticipate and be responsive to our customer's needs

Large-scale systems integration-

We will continuously develop, advance and protect the technical excellence that allows us to integrate effectively the systems we design and produce.

Lean enterprise-

Our entire enterprise will be a lean operation, characterized by the effective use of assets, high inventory turns, excellent supplier management, short cycle times, high quality and low transaction costs.

Vision 2016- (cont.)

Values

Leadership-we will be a world-class leader in every aspect of our business

Integrity-we will always take the high road by practicing the highest ethical standards

Quality-we will strive for continuous quality improvements in all that we do.

Customer Satisfaction-satisfied customers are essential to our success.

People working Together-We recognize that our strength and our competitive advantage is —and always will be — people.

A Diverse and Involved team-We value the skills, strengths and perspectives of our diverse team.

Good Corporate Citizenship-We will provide a safe workplace and protect the environment

Enhancing Shareholder Value-Our business must produce a profit, and we must generate superior returns on the assets entrusted to us by our shareholders

Program Value Stream Analysis

Savings Realized by Program

- Higher Quality
- On Time Delivery
- Lower Cost
- Lead Time Improvement

Negotiate Savings with Suppliers

Validate Results

- Cost Reductions
- Lead Time Reduction
- Quality Improvement
- Delivery Improvement

Implement Process Improvements

- Single Piece Flow
- Set-Up Reduction
- Workplace Organization
- Subtier Supplier Integration

Identify Critical Suppliers

- Quality
- Delivery
- Cost
- Lead Time

Identify Improvement Opportunities

- Supplier Value Stream Map
- Lean Assessment

Deploy Improvement Tools To Eliminate Waste

- AIW
- 3P
- TPM
- 6 Sigma
- 5S

CLOSED LOOP APPROACH TO IMPACT PROGRAM BUSINESS PLANS

Supply Base Optimization

Expectation that suppliers provide higher value and added services

Migration of tasks

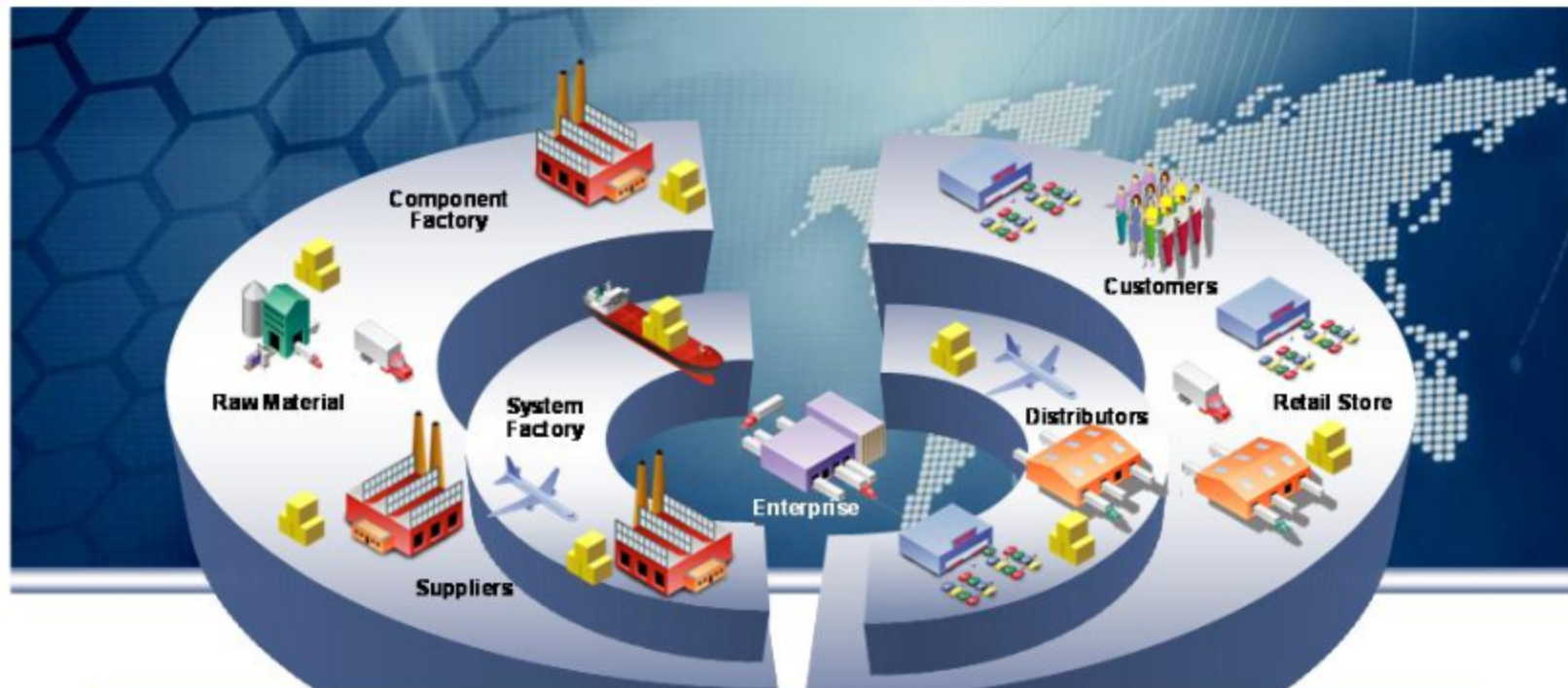
Kitting

Sub-assembly

Sub-tier supply chain management

Demands for higher level business process integration

Today's Complex Demand-Supply Networks



Top priorities identified by organizations for their supply chains in
Inventory Management and Supply Chain Visibility

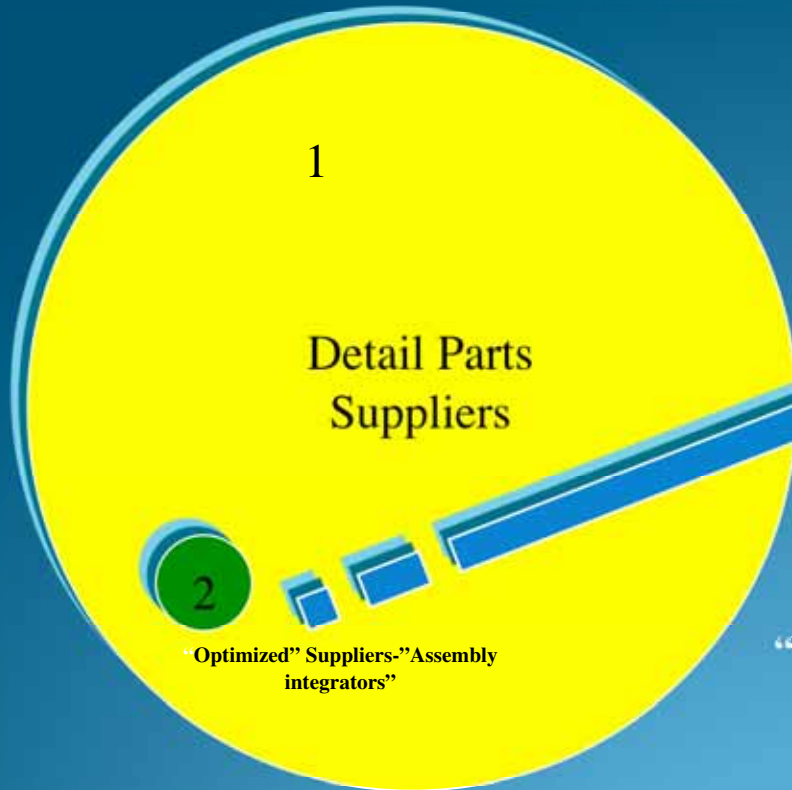
Global Supply Chain Visibility Challenge



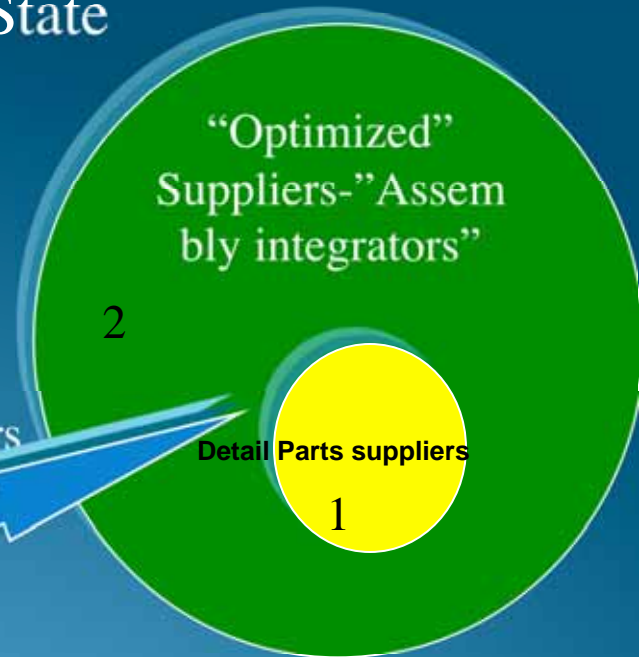
Visibility initiatives need to address both Demand and Supply Networks

SUPPLY BASE OPTIMIZATION

Current State



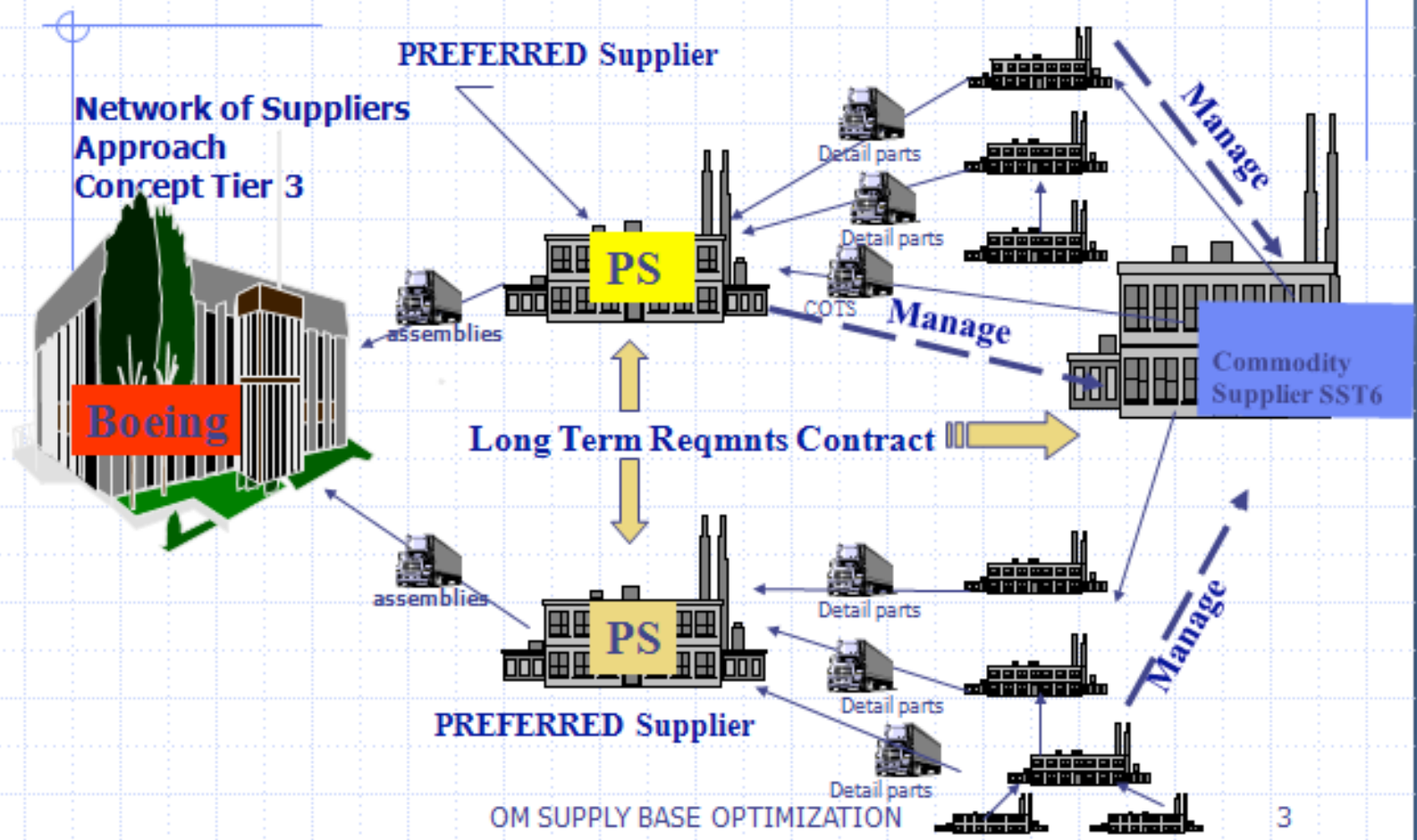
Future State



3-5 Years

“Moving up the value chain”

SUPPLY BASE OPTIMIZATION



SUPPLY BASE OPTIMIZATION

LONG TERM AGREEMENTS, HIGHLY FLEXIBLE CONTRACTS

SUPPLY BASE CHARACTERISTICS

- LEAN BASE-CONCEPTS & INITIATIVES
- HIGH PERFORMING
- SELF-SUSTAINING
- e-ENABLED-EXOSTARAUCTIONS
- VALUE STREAM ALIGNED-more assemblies
- EFFICIENT-ship to point of use, Min-Max
- BENCHMARK PRICING- PROFIT SHARING
- INITIATIVE IMPLEMENTORS-KITTING
- MODEL BASED DEFINITION-MBD
- PROCESS VALIDATION AUTHORITY-PVA

TIER 3

- LONG TERM STRATEGIC SUPPLIER DEVELOPMENT
- MIX OF DETAIL PARTS / KITS / ASSEMBLIES / PACKAGE CHUNKING

TIER 2

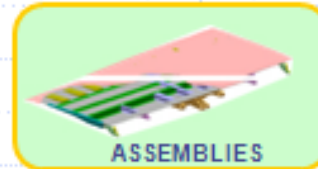
- LOGICAL WORK PACKAGE ASSIGNMENT
- VALUE STREAM ALIGNMENT
- MIX OF DETAIL PARTS / KITS / ASSEMBLIES

TIER 1

- CROSS LOADING FOR UNIT PRICE REDUCTION
- DETAIL PARTS



KITS



ASSEMBLIES

SUPPLY BASE DIVERSIFICATION
SDB
WOSB
STRATEGIC WORK PLACEMENT
GLOBAL DIVERSIFICATION

INITIATIVE SUPPORT

SUPPLIER DEVELOPMENT

MAJOR INTEGRATORS

SUPPLY BASE



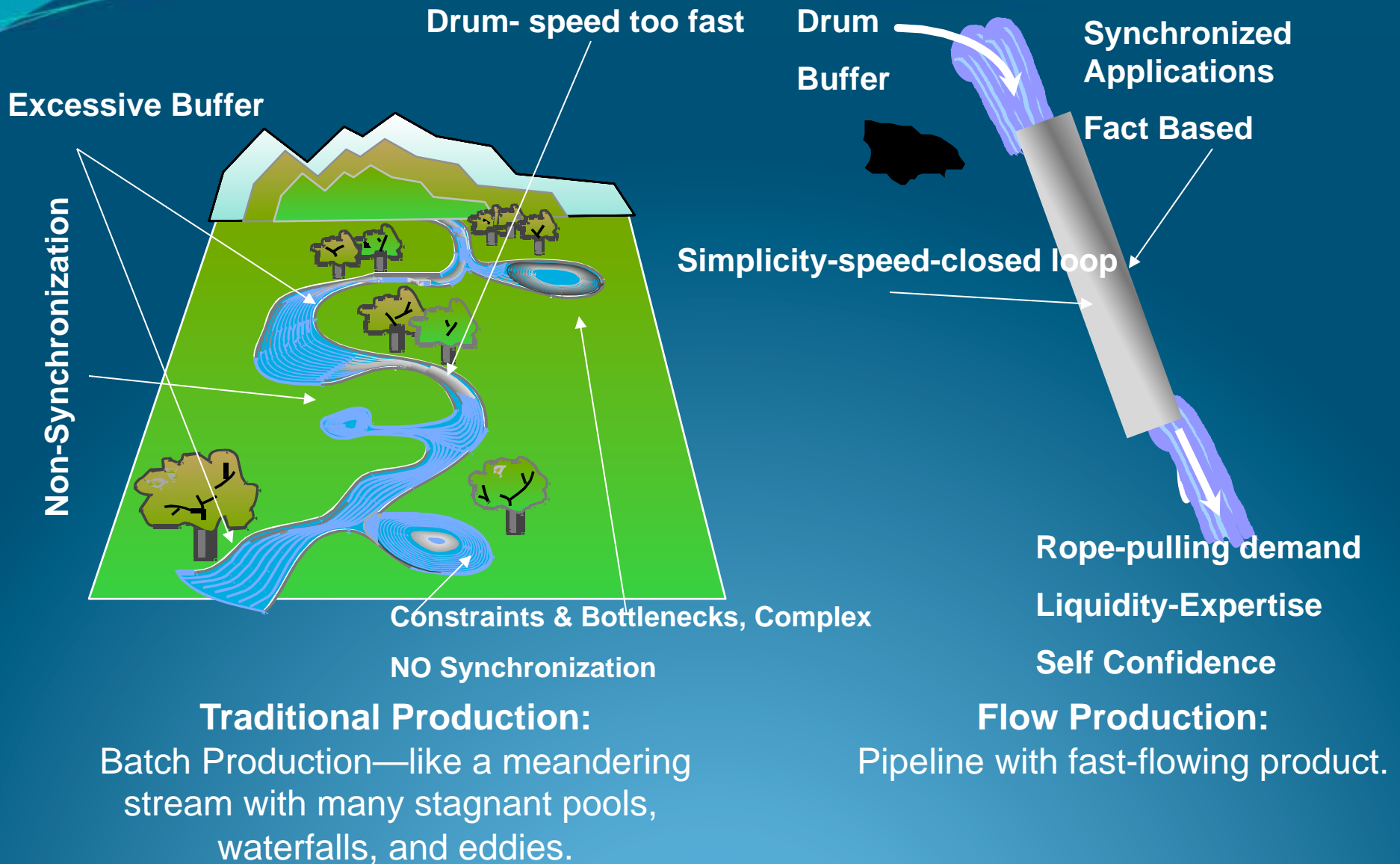
MINOR INTEGRATORS

SUPPLY BASE

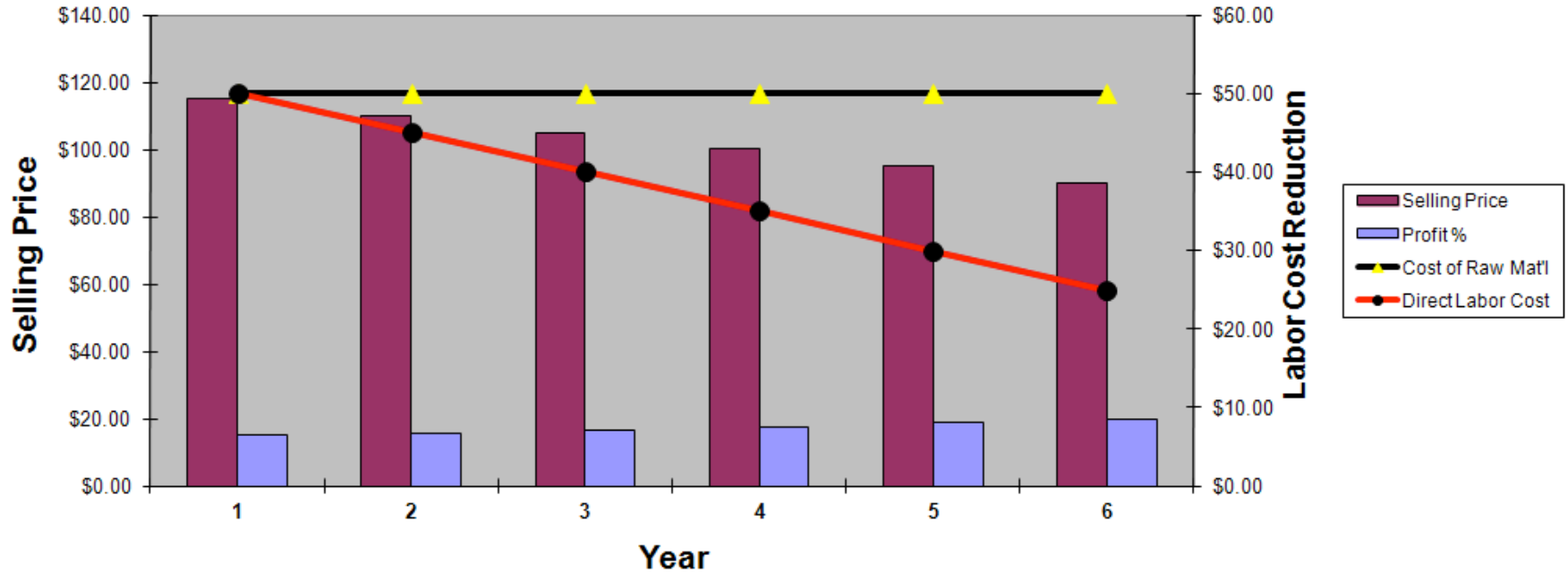


OM SUPPLY BASE OPTIMIZATION

System Model



LEAN + Six Sigma Continuous Cost Improvement Plan



Year	Selling Price	Profit \$	Profit %	Cost of Raw Mat'l	Direct Labor Cost	% Savings per Year
Year 1	\$115.00	\$15.00	15.000	\$50.00	\$50.00	0.00%
Year 2	\$110.00	\$15.00	15.790	\$50.00	\$45.00	4.35%
Year 3	\$105.01	\$15.01	16.679	\$50.00	\$40.00	4.54%
Year 4	\$100.00	\$15.00	17.650	\$50.00	\$35.00	4.77%
Year 5	\$95.00	\$15.00	18.750	\$50.00	\$30.00	5.00%
Year 6	\$90.00	\$15.00	20.000	\$50.00	\$25.00	5.26%

Assumption: Raw Material Costs remain the same
 Touch Labor is Reduced each year
 Profit \$ remain the same
 Profit % Increases each year
 Labor Cost Reduction = Increased Profit %

5 YR Savings to Boeing 21.74%