

## Cereal Manufacturer Scoops \$2.3 Million in Annual Savings Through ATS Parts Repair Program

### Customer Challenge

Cereal making is all about nutrition, flavor, and exceptional product quality, box after box. But one manufacturer, a part of breakfast for millions around the world, was seeking to improve one more ingredient for its success: factory equipment reliability.

In particular, the company wanted to find ways to not only keep machines its running, but also avoid breakdowns before they occurred. In its view, it wasn't enough to quickly buy and replace failed parts; the manufacturer wanted to learn what caused failures and to improve its operating environment, so failures were less frequent. Also important was reducing the cost of parts in order to improve operating margins.

The company's search for a top-notch MRO partner specializing in repairable parts led it to request RFPs from a number of firms. It sought someone with deep experience in maintenance analytics along with good on-time delivery, strong warranty coverage, and a passion for cost reduction.

### ATS Solution

In the end, this CPG manufacturer chose ATS because of their industry leadership in repairable parts management. "This manufacturer had an excellent SAP computerized maintenance management system (CMMS) in place, so it was critical for ATS to align our CMMS with theirs," recalled ATS' Account Executive. "Our contract required us to implement our systems and people at 16 plants within the first three months, so we moved quickly right from the start."

ATS strongly believed that reducing parts repair costs and improving turnaround time would require an intense focus on keeping repairs in-house at ATS' two repair center locations. A previous vendor had completed only 35% of all repairs, jobbing the rest to third-party depots. ATS set a goal for itself of 65%.

To meet the customer's asset management goals, ATS leveraged its considerable expertise in root cause analytics to begin establishing a reliability engineering program. Working alongside the cereal manufacturer's corporate reliability team, ATS implemented procedures to collect and analyze the vast amount of data necessary for parts failure analysis and operational problem-solving.

### AT A GLANCE

- Industry-leading global breakfast food manufacturer
- Company seeking higher machine utilization, greater reliability
- ATS selected after competitive bid process
- ATS moves in-house repair commitment from former vendor's 35% to 65%
- Move nets \$2.3 million in annual savings for customer
- Repair and reliability program expanded to nearly all North American facilities

### Bottom-Line Success

Results of ATS' repairable parts program at the manufacturer's North American manufacturing plants were dramatic. Within the first year, ATS met its goal of keeping 65% of all parts repairs in-house. Since then, on-time delivery has hovered between 98 and 99%; warranty work on ATS-repaired parts are at 1.4%, far below the industry average of 3-5%.

In the latest 12-month period, ATS warranty/repair program netted \$2.3 million in cost savings for the customer. The reliability engineering program, currently under rollout, is expected to add to those results. ATS strong performance has prompted the cereal maker to expand ATS' presence to an additional seven North American plants, just shy of the food manufacturer's full roster.

"Very quickly, ATS was able to assemble a program that met all of its key performance requirements," said the customer's director of reliability maintenance. "Measured by its engagement with internal systems and personnel, ATS has become more than a repair vendor—it is a full partner in helping achieve every reliability and machine utilization goal."

 **\$2.3M**  
Cost Savings

Netted Through ATS Warranty/Repair Program