Global Supply Chain Summit
Supply Chain Risk Management - Making

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Office for Operational Excellence
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“So where is this guy coming from?”

• NASA – MSFC (7 years)
  • Materials and Processing Laboratory
  • Chief Engineer/Project Office

• Private Sector (8 ½ years)
  • Precision Machine Shop (primarily aerospace)
  • High volume commercial production

• University of Alabama in Huntsville (14 years)
  • Directs office that operates as a consulting firm in academic research organization
    • Aerospace and Defense
    • Expanding into health care and energy
  • Supply chain/lean implementation and training at government and private sector corporations
  • Team lead for UAH AMCOM supply chain analysis team
    • Multi-tired evaluation of the Army Aviation supply chain
    • Team visited over 70 suppliers
What Does a Supply Chain Look Like?

As you move down the supply chain, each successive tier represents a smaller percentage of the Prime’s main business base and the previous tiers.

End-user → Customer → Prime Mfg./Supplier → First Tier Supplier → Second Tier Supplier → Material Supplier → Limited or Sole Source → Raw Material Supplier

Sole Source

Competitive Environment

Competitive Environment

Small/Medium Sized Enterprises

Commodity Level
Lessons from the Road (Suppliers)

Forecast
• Lower tier suppliers (below OEMs) are not sharing forecast to their suppliers sufficiently
• Suppliers would like at least an 18 month (or one lead-time) forecast
• Commercial sector provides more accurate and longer forecast than government (military) customers

Lead-times
• Forging houses have reduced their internal lead-times by approximately 40% the last 10 years
• Forging houses have been reducing their set-up times (some cases by 75%)
• Machine shops appear to not have not reduced set-up times
Lessons from the Road (Suppliers)

Material Issues
• Material availability and price highest risk unless OEM provides material to lower tier suppliers
• Distributors have allowed material inventory to drastically decrease thus increasing overall lead-times

General
• Suppliers appear to be between 40% and 60% capacity
• Suppliers appear to be recovering the last couple of years from the economic downturn
• DoD suppliers have shifted their markets to approximately to 75% commercial and 25% government/military
For more information and availability for service, contact:

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