

Supply Chain Optimization for Pegasus Manufacturing



Background

Pegasus Manufacturing, Inc. produces complex fuel and oil transport tubing assemblies for jet engines. They manufacture entirely within a 52,000 square foot facility located in Middletown, CT and bring in over \$15 million in revenue. The last stage before the machined fittings are welded onto the tube ends is for the parts to be cleaned in an acid bath at Pegasus' supplier's (Har-Conn Chrome Co.) facility. The existing process entailed Pegasus shipping the parts to Har-Conn in batches of 50 (to accommodate a minimum lot charge) which Har-Conn then had to unpack and repack in special contamination-proof bag—a labor-intensive and time-consuming effort for the supplier.

Situation

VISIBILITY: Har-Conn did not have adequate warning from Pegasus of shipments in the pipeline, so when batches arrived they were queued behind other customers' products to wait their turn for cleaning.

URGENCY: Pegasus's parts were in need of urgent handling since welding is the last step in their production process, so they were always being expedited to customers from Har-Conn—a huge expense.

DELIVERY: Pegasus's delivery performance to its end-customers was unacceptable. They needed CONNSTEP to integrate processes between two both companies to facilitate faster handling of shipments.

Solution

CONNSTEP implemented a supply-chain approach creating a 2-Tier Value Stream Mapping event together with Pegasus and Har-Conn. Using a current state map, we analyzed the product flow as if there were no boundaries between processes at both companies.

Results for Pegasus:

- 100% on-time delivery (from less than 50%)
- \$2.5M new work awarded
- Eliminated non-value-added labor – 300 hours
- Excess costs eliminated



CONNSTEP solved a huge problem for us and helped us bring our delivery rate to 100%. As a direct result of that, we have been awarded with an increase in business which, ultimately, will also benefit Har-Conn.

Chris DiPentima
President
Pegasus Manufacturing, Inc., Middletown, CT



800.266.6672 | www.connstep.org

Mapping was performed at each of the two locations.

The project resulted in the following process improvements:

- Building special boxes to eliminate the need for the individual bags saved Har-Conn 300 man-hours a year of non-value-added work
- We established a regular “milk run” for Pegasus to drop off and pick up parts from Har-Conn every Monday, Wednesday and Friday
- With better visibility, Har-Conn could reserve capacity for parts coming from Pegasus, who in turn was assured a two-day turn around. Shotgun expediting was eliminated
- Har-Conn dropped the minimum-lot charge for individual part numbers and established a fixed price for Pegasus, who agreed to ship a specific aggregate number of parts each time
- Costs and excess inventory levels decreased
- Flow increased and 100% on-time delivery was achieved



800.266.6672 | www.connstep.org



CONNSTEP, Inc. is a consulting firm strategically helping companies in Connecticut to grow their businesses and improve operational methodologies, leading to increased profitability, improved efficiencies, and creating sustainable competitive advantages in the marketplace.