

CHANGING MINDSET FOR BREAKTHROUGH PERFORMANCE

ABOUT CHANNELLOCK INC. Channellock, Inc., located in Meadville Pennsylvania, is a fifth-generation family-owned and -operated business by the DeArment family. Since 1886, the company has manufactured high-quality pliers with the famous blue grips. With over 350 employees, Channellock now produces more than 75 different sizes of pliers. The company operates out of two facilities totaling 260,000 square feet, including a recent 35,000-square-foot expansion at their second facility.

THE CHALLENGE. Over the course of the pandemic, Channellock's workforce was down 20%, but their order demand continuously increased due to their competitors' supply chain disruptions. Leadership recognized the opportunity to grow the business by taking a larger market share but needed to increase operational effectiveness to meet the increased demand. Channellock contacted NWIRC, part of the Pennsylvania MEP and the MEP National Network™, for help.

MEP CENTER'S ROLE. NWIRC introduced the company to an expert resource for operational excellence, Future State Engineering (FSE), who worked with a Channellock team on a design sprint project to look holistically across the organization, outline a desired future state, and identify areas to focus on for improvements. The design sprint included a team of 25+ participants comprised of executives, managers, and supervisors from a cross section of departments.

During the project, the team identified several areas as opportunities for improvement - with most of their concerns revolving around being able to meet increased customer demands while maintaining acceptable lead-times and product availability (inventory). To achieve desired change, the leaders of the organization needed a different approach to managing operations than the status quo. The design sprint process helped document their current reality and discover new opportunities to manage operations by visualizing and designing a desired future state design. At the completion of the design sprint, the decision was made to move to implementation where both Channellock and FSE agreed that operational excellence stems from changing mindsets which is supported by working in cross-functional teams and constant focus. This required someone from the FSE team to be onsite at Channellock nearly every day for support, coaching, mentoring, and reinforcement to challenge employees to look at operations differently. Each set of actions, defined by the goal tree and directed by the steering committee, involved some initial training, establishing cross-functional teams, and implementing based on the team's newly acquired knowledge.

"The operational excellence project allowed us to focus on process improvements in the areas necessary to improve flow and significantly increase capacity to better serve our customers. Over the course of the year-long implementation, we significantly decreased work in process inventory, drastically reduced production lead times, improved equipment reliability, and reduced variability in key constraint areas. We also shifted our culture to working together, instead of in silos."

-Marc Johnston, Vice President, Operations

RESULTS



Production lead time reduced from **13** weeks to 9 days



Throughput increased by **40%**



OTIF (on-time in full) delivery improved **40%**



Inventory turns improved by **1.5** turns

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