

General Service Outline

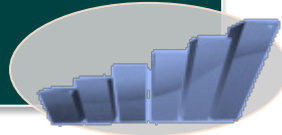


Your Needs

If you are contacting us for one of these reasons, please continue reading:

- Your factory or organization needs to increase its output, either through **streamlining, better management**, or both

Capacity / Lead-time



- It's now critical that you reduce the **cost of your product or service** (without decreasing quality)

Cost



- Your factory or organization's product or service quality or overall **quality control needs improvement**

Quality / Poor Mgmt.



- You need to solve a particular issue or challenge facing your manufacturing or service operation

Special Needs



Presentation Outline



1	Your Needs	<ul style="list-style-type: none">• The most common reasons why clients engage CMC	5	Your Concerns	<ul style="list-style-type: none">• The most common concerns we hear and how we address
2	Our Experience	<ul style="list-style-type: none">• Key CMC staff and some recent case studies (and results)	6	Engagement Types	<ul style="list-style-type: none">• Customizable and strategic ways you can engage CMC
3	Our Tools	<ul style="list-style-type: none">• An introduction to some of the tools we use to affect change	7	Engagement Detail and Reporting	<ul style="list-style-type: none">• Information on exactly how your CMC engagement proceeds
4	What to Expect	<ul style="list-style-type: none">• The kinds of results and change you can expect from CMC	8	Fee Structure	<ul style="list-style-type: none">• Estimated fees, customizable to your budget and needs

It is important to reinforce to your suppliers that CMC is not being engaged to audit them, but to work with them as partners for improvement.

Our Experience



CMC's staff consists of various levels of consultants (more than 20 staff total), including industry specialists, and former China-factory general managers. Key individuals include:



David C.

- 25+ years manufacturing experience in computer, automotive, aerospace, furniture, and chemical
- Set up 5 manufacturing facilities from scratch (US, Canada, Mexico, China), ranging from small scale to over 450M USD, for US Auto manufacturers
- 2008-2010: Site Director of Foxconn Juarez (largest electronics site in the North America)



Joel D.

- Six Sigma black belt
- Fluent in Mandarin and Cantonese, 25 years experience in China
- Currently works on large-scale production setup in South China
- 2002-2011: Quality related roles (incl: Charming Shoppes and Wal-mart)
- 1999-2002: Production Director at Hop Lun (large garment factory)



Renaud A.

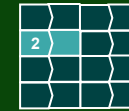
- Owner and Managing Director of Sofeast, a leading 3rd party QC company in China
- LEAN Certification (Bronze Level)
- 7+ years experience in China, fluent in Mandarin Chinese
- Author of well-read blog: www.qualityinspection.org
- Has personally performed quality audits at hundreds of factories in China



Alexandre B.

- 9+ years experience implementing ISO 9001
- implementation, material use reduction, and process implementation
- 2008-2013: Consulting for Chinese factories on quality system
- 2004-2008: Industrial engineer at Belgium factory Spanolux

Our Experience



Case Study Example 1 of 3

1250 person Medical Device Factory in Xiamen, China



Background

Critical financial situation: 50 million RMB overdue to suppliers
Several general managers hired in the past year, with no positive results

Objective

Substantially reduce the number of defective pieces that arrived at the end of production

KPI	June 2013 (Before CMC)	Nov 2013 (After CMC)	SAVINGS
On-time shipments	39%	65%	266,000 RMB per month
Product rework cost	400,000 RMB	49,000 RMB	350,000 RMB per month
Scrap rate	2.0%	1.4%	90,000 RMB per month
Cash on hand	Raw material: 13.8 days WIP: 9.8 days Finished goods: 14.4 days	Raw material: 11.0 days WIP: 7.8 days Finished goods: 11.5 days	In RMB: Raw material: 500,000 WIP: 1,200,000 Finished goods: 1,750,000
Efficiency rate across all workshops	60%	76.5%	300,000 RMB per month (100 fewer employees, same production level)

Our Experience



Case Study Example 2 of 3

100 person Ceramic Insulator
Factory in Fuzhou, China



Background

US client rejecting large amount of pieces in final inspection. High costs for the factory and late deliveries to the client.

Objective

Substantially reduce the number of defective pieces that arrived at the end of production.

KPI	Nov 2013 (Before CMC)	Mar 2014 (After CMC)	SAVINGS
Delayed shipments	80% delayed, many express shipments	20% delayed	9,500 USD per month for the customer
Number of man-days of inspection	13 per month	4 per month	1,900 USD per month for the customer
RMA %	2.5%	1.5%	1,800 USD per month for the customer
Rejects per Final Inspection	23%	4%	110,000 RMB per month for the manufacturer
Rework in-process vs. End of production	Recycled at end of production (unnecessary processing)	90% of defects could be recycled earlier	38,000 RMB a month

Our Experience



Case Study Example 3 of 3

250 person Hardware Factory in Shenzhen, China

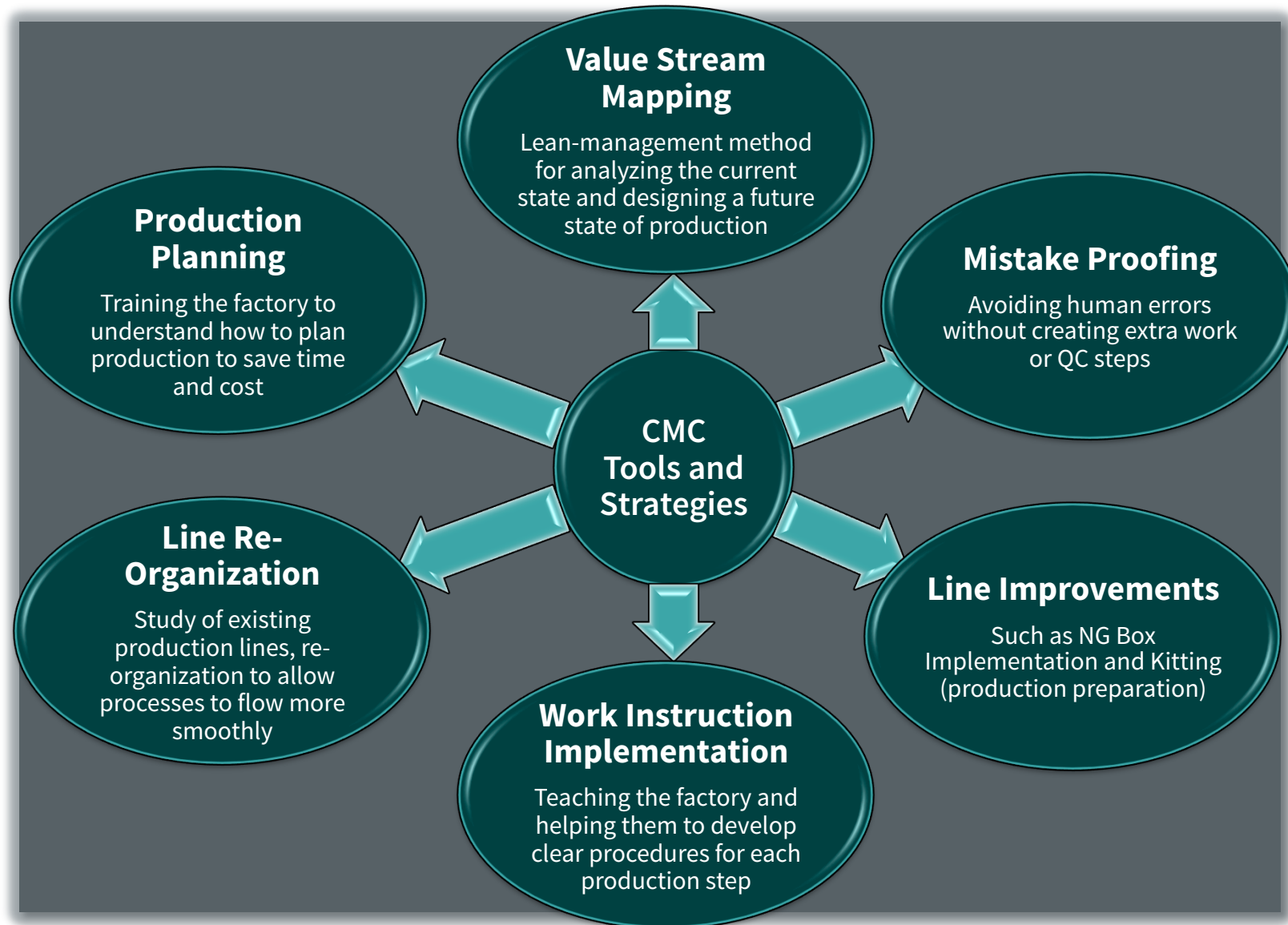


Background
Taiwanese company intent on restructuring and cutting costs, after several years without clear leadership.

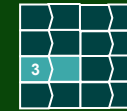
Objective
Reorganize all production departments, streamline manufacturing, and reduce costs

KPI	Mar 2012 (Before CMC)	Mar 2013 (After CMC)	SAVINGS
Efficiency rate across all workshops	74%	97%	45,000 RMB per month
Damage on work in process	60,000 RMB a month	8,000 RMB a month	52,000 RMB a month
Defect rate	17%	1.5%	45,000 RMB a month in scrap, 32,000 RMB a month in rework
Raw material inventory	38 days	7 days	85,000 RMB cash on hand
Work in process inventory	14 days	5 days	28,000 RMB cash on hand

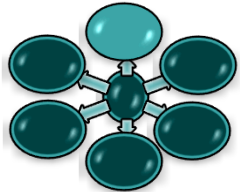
Our Tools and Knowledge Base



Our Tools and Knowledge Base

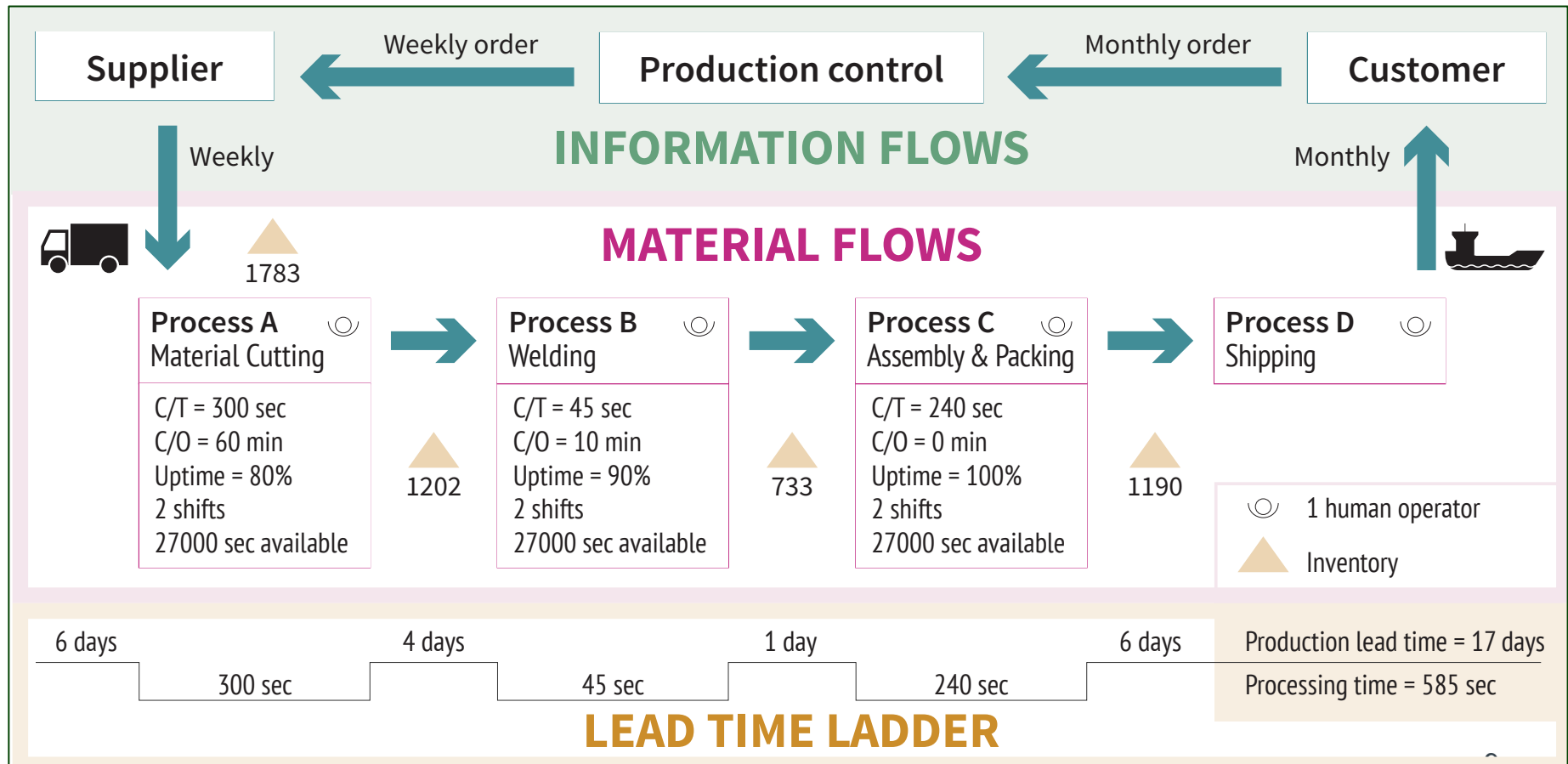


Up-close Example

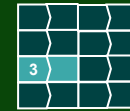


Value Stream Mapping

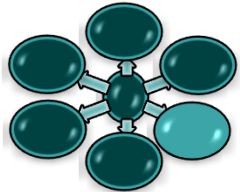
Helping factories to understand the actual time and cost related to the manufacturing process, and improving it



Our Tools and Knowledge Base



Up-close Example



NG Boxes – Line Improvements
Improving production line efficiency through simple and effective adjustments

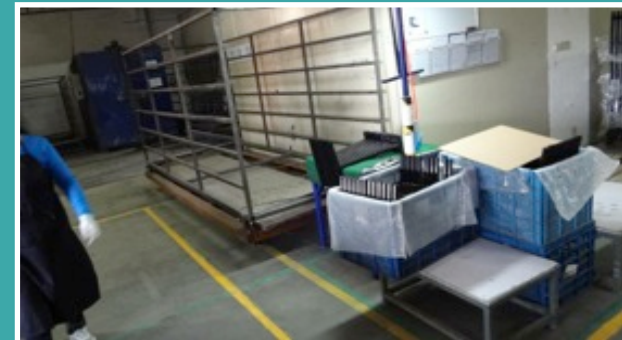
BEFORE

Unorganized Work Areas, Large Tables, No Separation of Defects

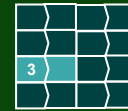


AFTER

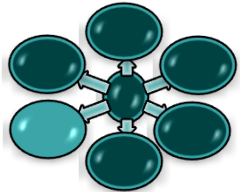
Organization, Correct-size Work Areas, Separation of Defects



Our Tools and Knowledge Base



Up-close Example



Line Reorganization Without investment in new machines

New Material Flow after Factory Re-organization

- Transportation, storage, and damage of work-in-process materials: cut by 80-90%
- Easier scheduling, faster production lead time
- Better understanding of the whole flow by operators



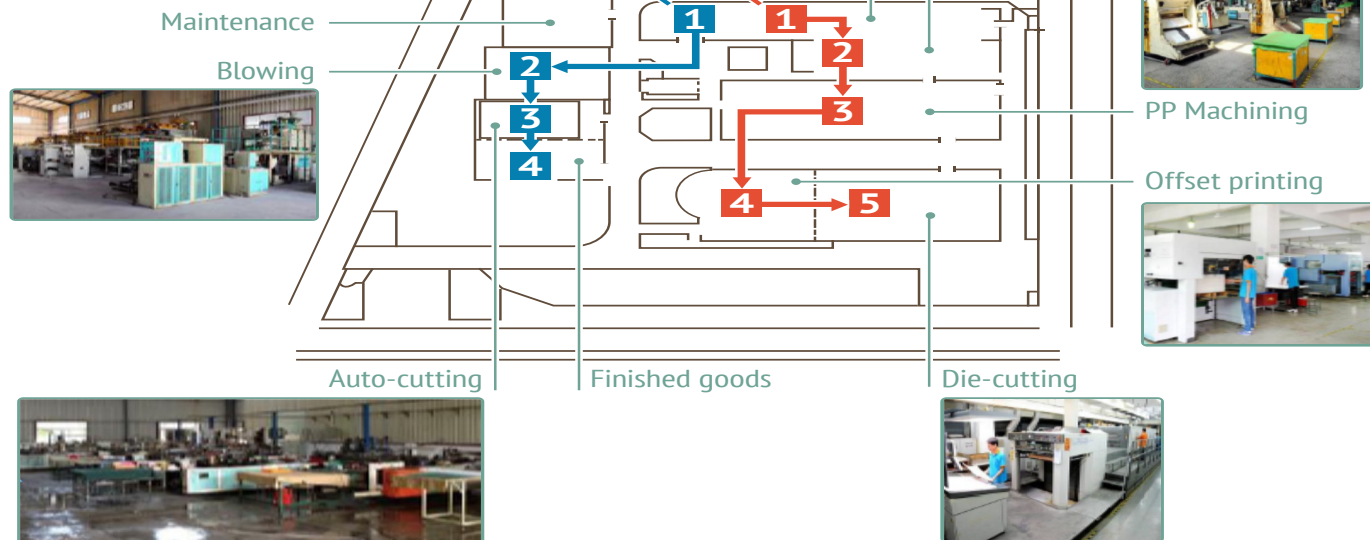
Material warehouse



Mixing operation

Product Type A (Printed Products)

Product Type B (PP Bags)



What to Expect



Depending on engagement focus:

1 Drastically improved quality and capacity



2 Improved working environments and worker retention



3 Reduced cost, waste and lead-times



What to Expect



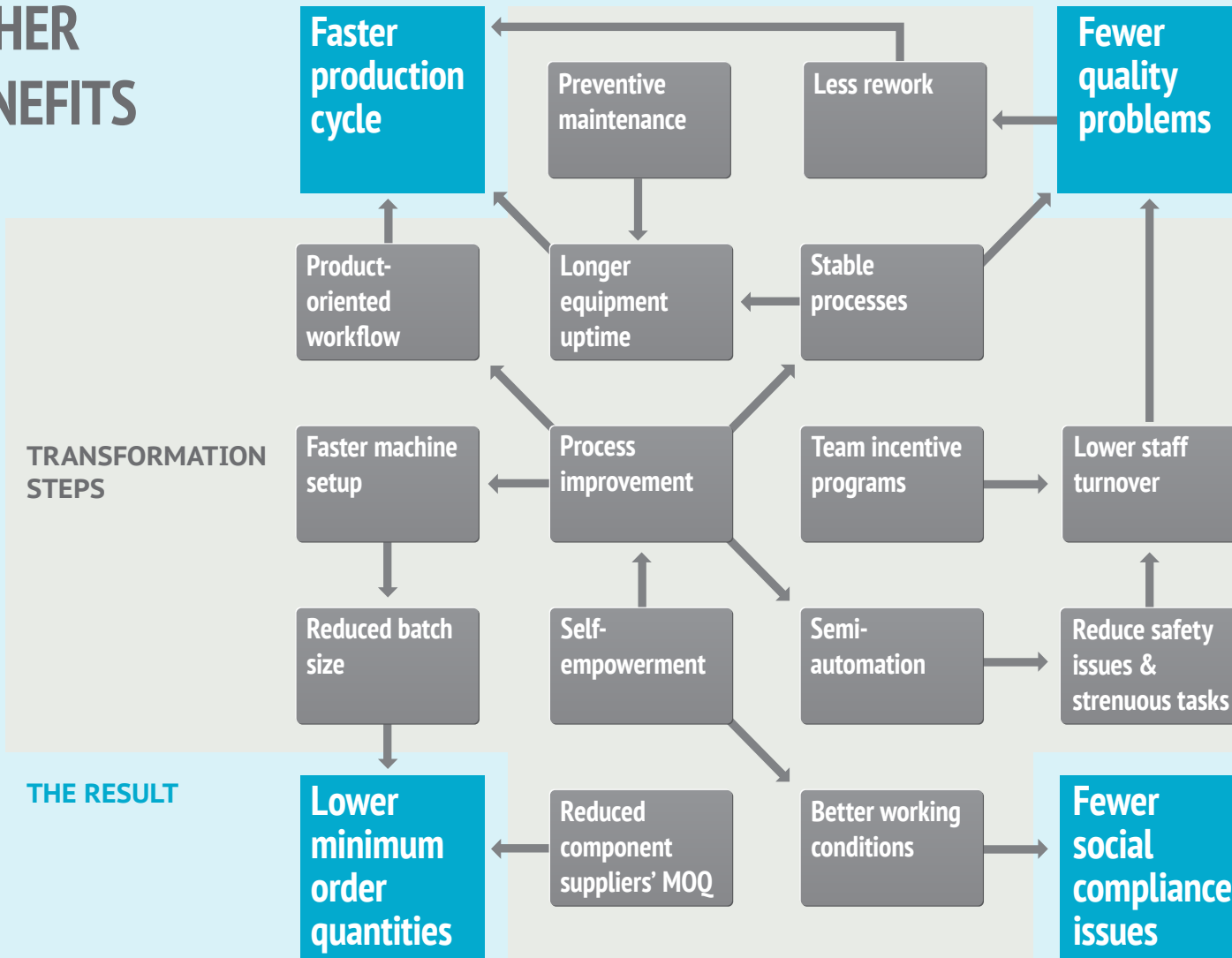
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Dramatically
Improved
Product
Quality and
Capacity

What to Expect



OTHER BENEFITS



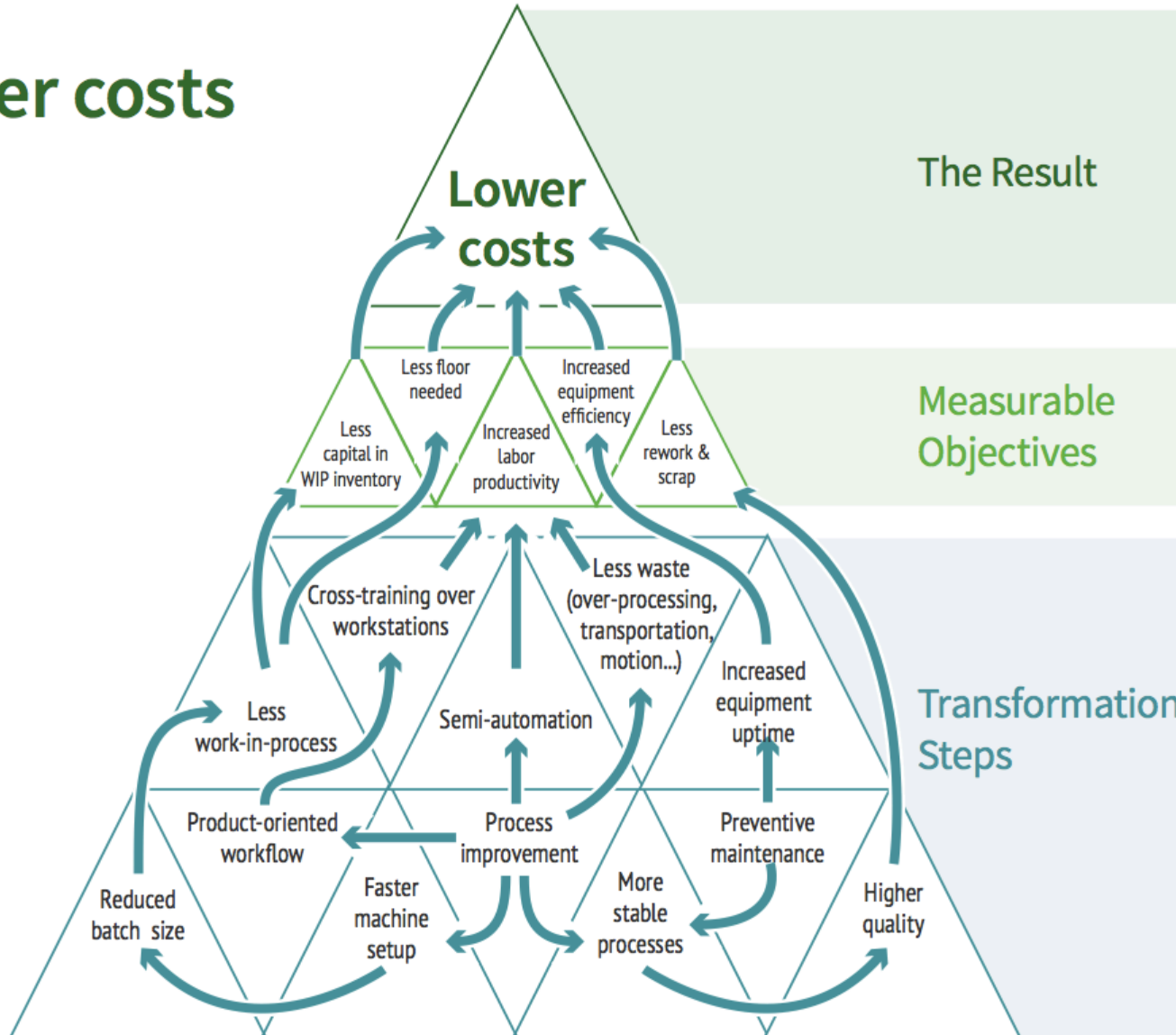
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Improved Working Environments, Employee Retention and Other Benefits

What to Expect



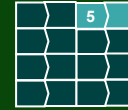
Lower costs



3

Reduced Cost,
Waste, and
Lead-times

Your Concerns



Concerned that the factory owner won't "buy in"?

We've been there, with the toughest of factory bosses.

We'll meet with them prior to any engagement, at no cost to you, and show them of the benefits to their organization.

CMC's improvement programs typically require no new investment in machinery or facility.

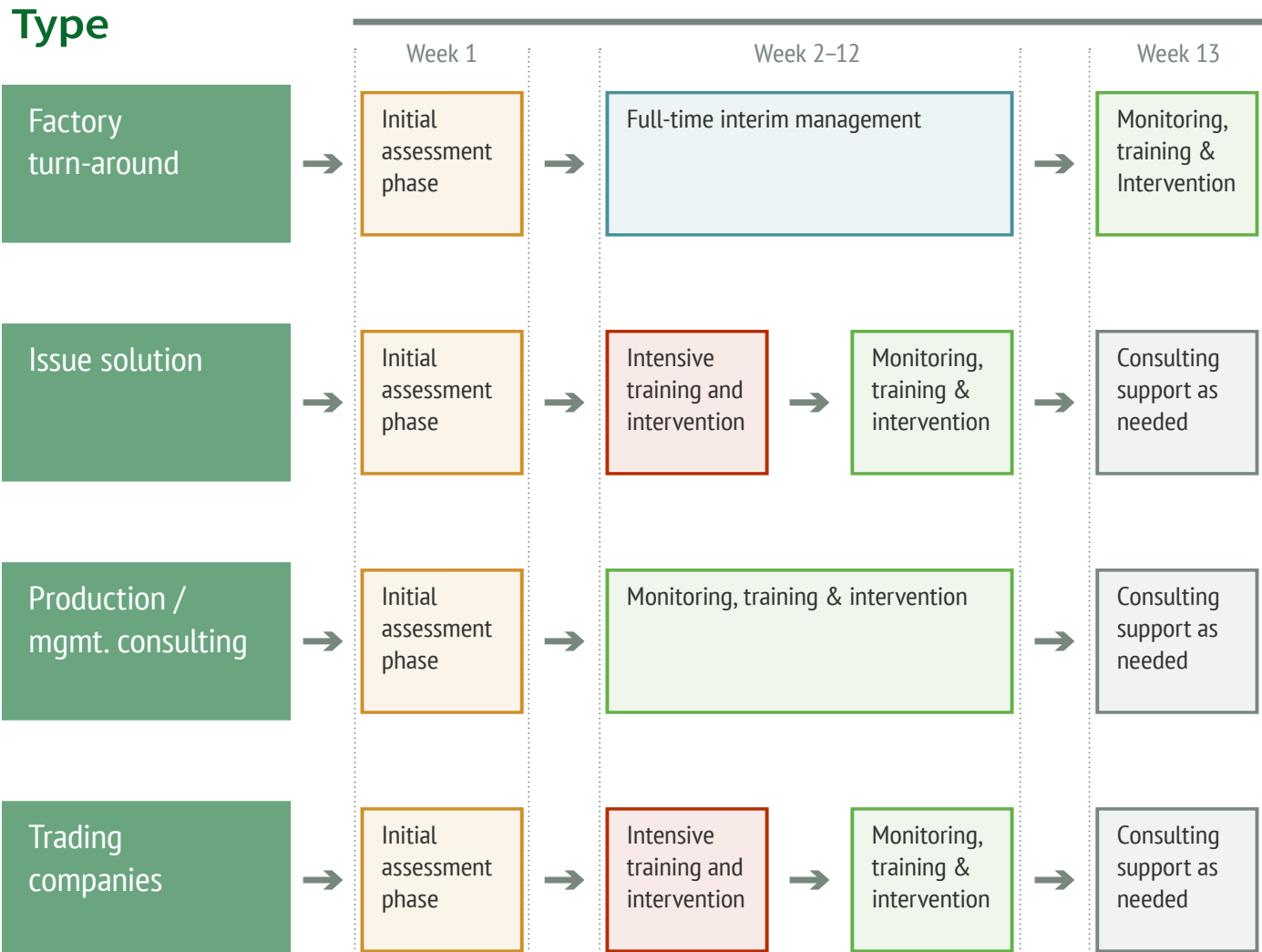
No CMC engagement goes forward unless the factory's management is 100% on-board.

Types of Engagements



Engagements are customizable to fit your specific needs:

Type



Levels

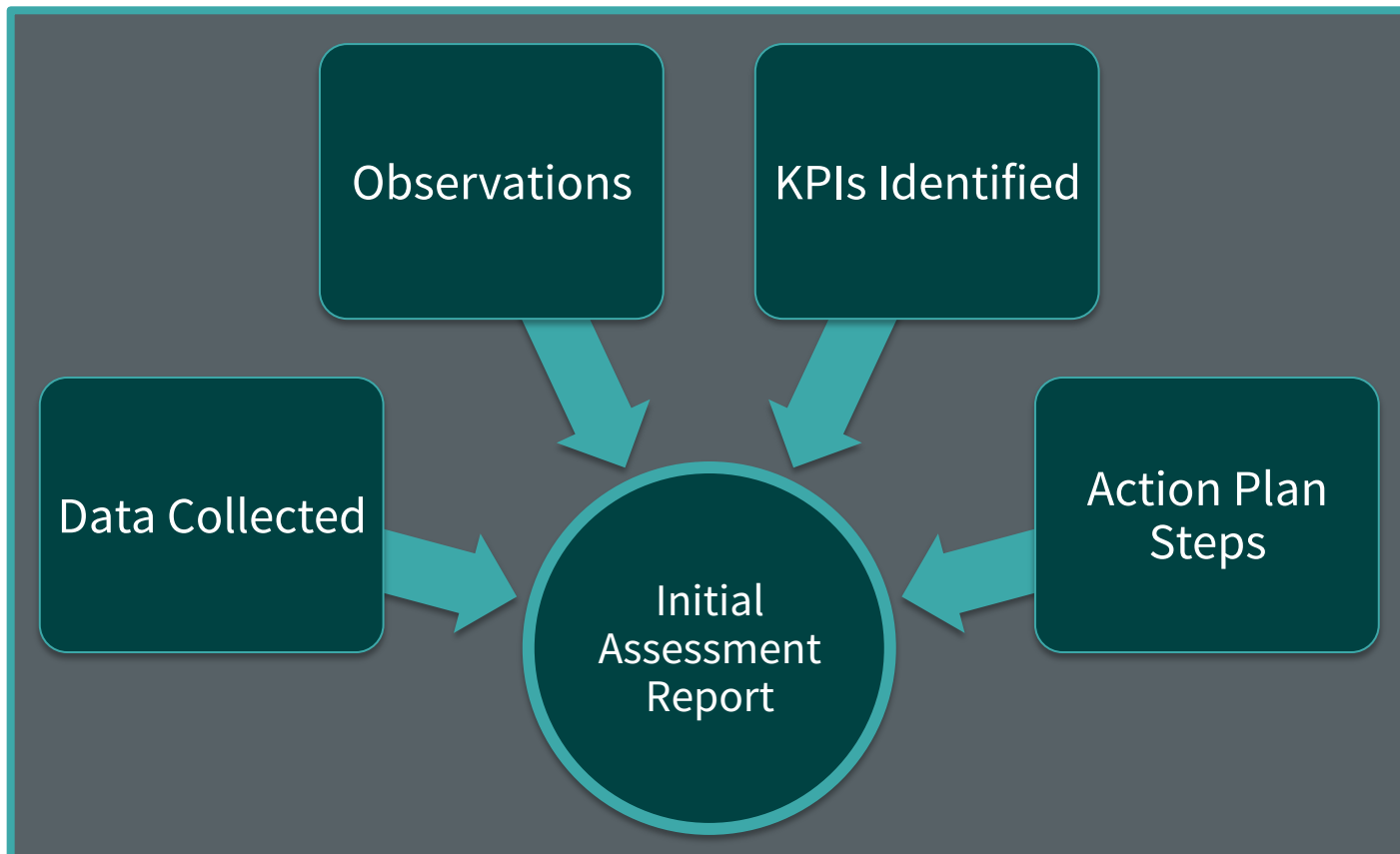
- Interim management**
By experienced GMs and a team of supporting staff
- Intensive training**
CMC staff are on-site daily ensuring improvement
- Regular consulting**
Weekly visits, training, and reporting
- As-needed consulting**
CMC will develop a plan that fits your needs

Engagement Details and Reports

Initial Assessment Reporting



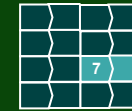
Initial
assessment
phase



- The initial assessment report is a comprehensive report created by CMC, and delivered to the client & factory management. This includes all data collected during the initial assessment, the KPIs on which the engagement will focus, key action plan steps which will be followed up on, and photos.

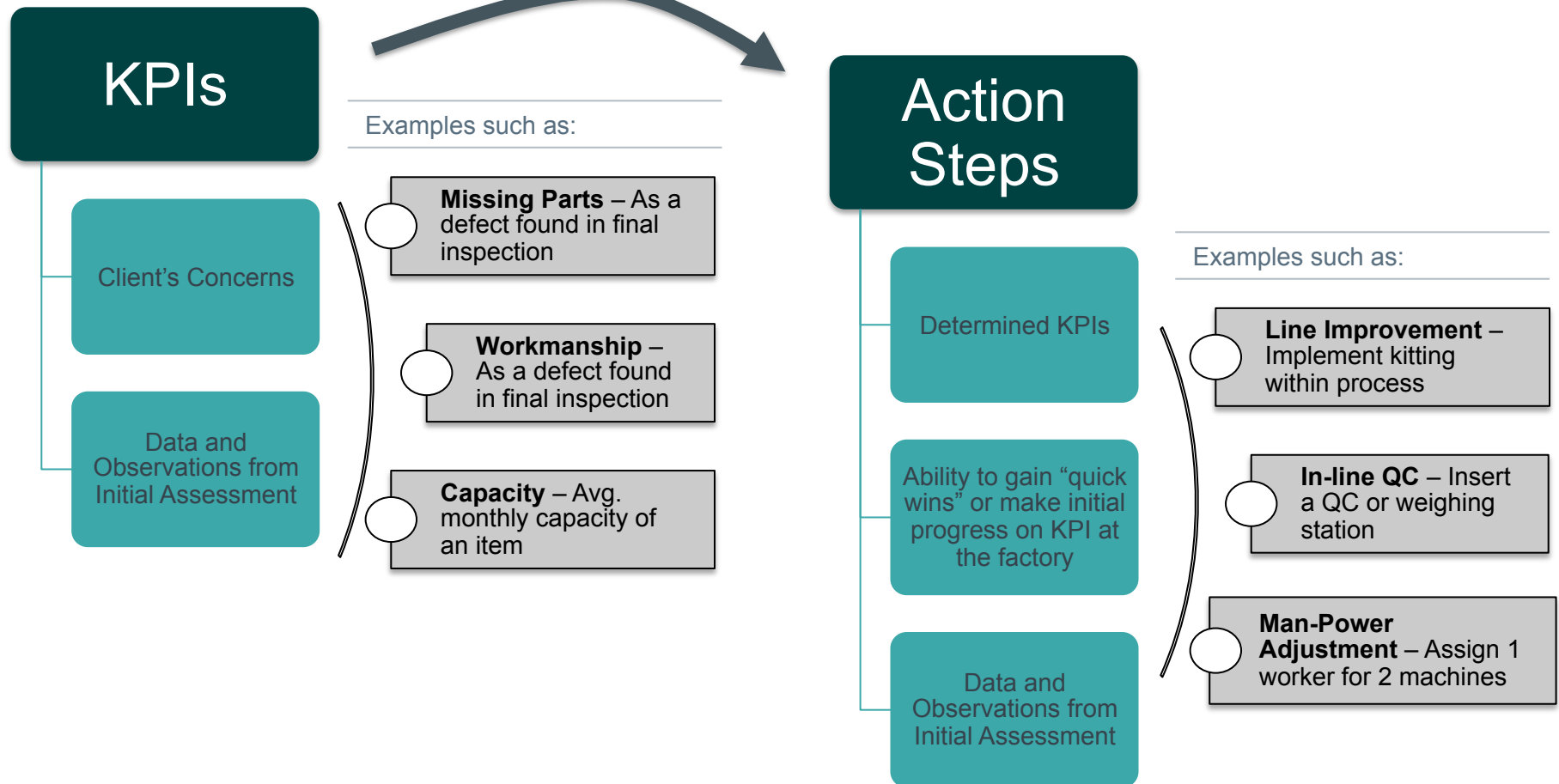
Engagement Details and Reports

KPIs and Action Steps



Initial
assessment
phase

How are KPIs and Action Steps Determined?



Engagement Details and Reports

CMC Interim Management



Full-time interim management

CMC Interim Management

CMC General Managers

Former GMs who have each managed and turned around 20 – 2000+ worker factories in China

CMC Production Managers

Production managers who have worked for high-level organizations and can implement organized and efficient production

CMC Industry Specialists

Experts in a particular industrial process, and also LEAN analysts and process engineers

CMC Quality Control Specialists

Former QC managers for high-performing organizations to set up best practice quality controls

CMC HR Managers

Experienced China-HR managers to work with your factory's own HR department and staff to ensure proper staffing and motivation

Complete Factory Turnaround

For factories that are in need of a complete turn-around, CMC's experienced management team can take full control

Major Factory Re-organization

Factories or other organizations that need major reorganization can benefit from CMC's Interim Mgmt. prior to being handed back to the existing staff

Major Project Implementation

For new projects that require constant and professional oversight for a certain period of time

Engagement Details and Reports

On-going Monitoring, Training and Intervention



Monitoring,
training &
intervention

Intensive
training and
intervention

On-Site Visits (frequency depends on engagement)

- CMC consultants follow-up on previously provided corrective action plans for proper implementation
- CMC consultants evaluate if actions which were implemented are affecting the required issues
- CMC consultants assign new tasks “homework” and additional reporting for the client (1X per month)

KPI Measurement and Results

- Every 3 months the CMC consulting director will meet with the client and/or factory ownership to document the measurable improvement on the previously determined KPIs

In-between Visits

- CMC consultants are available by phone and email to review and consult on the factory’s actions (regarding the action plan)



Engagement Details and Reports

Examples of Action Items “Factory Homework”



Below are examples of the kinds of action items which are assigned to factories with each on-site visit

Every Action Item will be documented in a monthly report, so that you are properly updated

Action Item	Key Deliverable	Deliverable Detail
Implementation of QC Station in-line	<ul style="list-style-type: none"> CMC consultant will advise the manager where and how to implement a QC station in a particular work-flow 	<p><i>Manager will be required to:</i></p> <ul style="list-style-type: none"> Ensure the QC station is implemented for the entire week (provide photos/videos for CMC review) Develop a simple QC checklist for tolerances for acceptable/unacceptable product in the QC check (CMC will provide examples and templates for such documents when assigning them)
Implementation of Work Instructions	<ul style="list-style-type: none"> CMC consultant will advise the manager what work instructions are, and how to use them (with examples) 	<p><i>Manager will be required to:</i></p> <ul style="list-style-type: none"> Observe various processes that are part of his department and fill out a work instructions template to be checked by CMC on the next visit Once the work instruction is approved, CMC will show them how to train the workers to observe the work instructions, and then CMC will verify once the manager confirms that the employees have been trained
Implementation of “kitting” within a production line	<ul style="list-style-type: none"> CMC consultant will explain the kitting process and demonstrate it, performing it along-side managers 	<p><i>Manager will be required to:</i></p> <ul style="list-style-type: none"> Spec out exactly which parts are to be inserted into which kits, and complete documentation (CMC will provide examples) which clarify each kit’s contents Managers will be required to run a specified production line, taking video and or photos, and documenting any improvements or negative aspects they observe from the new production style

Full-time interim management

Monitoring, training & intervention

Intensive training and intervention

Engagement Details and Reports

Regular Reporting




Full-time interim management

Monitoring, training & intervention

Intensive training and intervention

At least once per month reports will be issued in Chinese and English, depending on engagement, with action items and follow-up required:

67	Updated Actions				
68	#	Status	Actions	Who	When
69	1	O	Check the pieces before and after the oven process, to put the hypothesis to test	KP	2013/12/26
70	2	X	Prepare OK and NG samples before the oven process	KP	2014/01/03
71	3	X	Prepare OK and NG samples after the oven process	KP	2014/01/05
72	4	X	Prepare the new standard according OK and NG samples	KP	2014/01/30
73	5	X			
74	6	X			
75	7	X			
76	8	X			
77					
78					
79	Comments				
80					
81					
82	Images (if applicable)				
83					
84	The coating process				
85					
86	<p>长远来说, 组装和包装过程应成为起搏器的过程, 通过看板系统 (Kanban系统) “拉”上游的流程。</p> <p>我们还注意到和日希望包装过程有以下改变:</p> <ul style="list-style-type: none"> • 木箱由较便宜的包装所取代 • 若有可能将箱的数目减少至4 • 所有要出货的产品应在托板上 (不需要成品仓库货架) • 工厂必须保持精确的统计制成品 <p>下面是建议的组织图示:</p> <pre> graph LR A[上游加工过程] --> B[组装和包装 (一个单一进程无中断)] B --> C[出货检验] C --> D[出货] </pre> <p>4. 提升加工部的能力 连接到项目的目标: 提高产量 直接非常强烈 与上述行动项目, 同一原因 目前, 该加工部输出约13万件, 其中50,000件作为备件销售。 这部门的理论产量为220,000件。</p> <p>以下措施都需要增加这个部门的能力: 提高此部门的产量, 需进行以下措施:</p> <ul style="list-style-type: none"> • 招聘新的操作员 (是这里主要的行动项目) • 如有需要, 分包给另外加工车间 • 如有需要, 1位操作员操作多于1部机器 • 改变总体布局, 使机器更接近 (当生产系统更稳定时, 这将完成) 				
87					
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Fee Structure

Customizable to your needs and budget



Every engagement is structured around KPIs (Key Performance Indicators) which are clear deliverables. CMC will deliver results based on the KPIs which are identified in the Initial Assessment, and agreed upon, beforehand.

Initial Assessments are billed at a one time \$1500 to 3500 USD, depending on the scope and size of the engagement.

Our fees, therefore, are based not on daily rates, or a time commitment, but on the delivery of the intended results. However, in cases where we are required to bill based on daily rates for our consultants, those rates are:

CMC General Managers, Consulting Directors	CMC Production and Dept. Managers	CMC Specialists and Process Engineers	CMC Associate Consultants	CMC Consultant Assistants	CMC Off-site Support
1650 USD per day	1050 USD per day	850 USD per day	650 USD per day	350 USD per day	85 USD per hour

Typical engagements include:

Regular consulting where CMC is visiting the facility 2-3 times per month to improve production processes and quality	Intensive consulting and training where CMC is at the factory 3-4 times per week to manage line reorganization and major changes	Full-time interim management of CMC staff to completely turn-around a factory or organization in 2-4 months
~ \$3,500 USD per month	~\$12,500 USD per month	~\$65,000 USD per month

All rates are exclusive of travel fees, please contact us for a detailed proposal

Follow-up

Contact us today!



Thank you for your time and attention to this presentation. Please contact us at:



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In China: +86-13823660722



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We look forward to hearing from you!