

Case study 5

Dec. 3, 2003

1. **Company :** Worthington Ltd, New Castle , 40000T€sales per year,
60 employees: 20 WCW, 40 BCW
Products/Service: insertion/ test of components for printed circuit boards
(PCB)
production/ test of PCB
Organization : functional
Burden rates: labor burden in average 190 %
Material burden in average 28%
Automatization: high
Sales organization: 3 sales engineers in direct contact with customers
Competition: Worthington is a small, but very flexible company in
the PCB business
Customers: Automotive industry, Electronic industry
2. **Improvement program:**
The management from Worthington has established a cost
improvement program with following plan of main points:
 - Restructuring of the existing organization
 - Reduction of standard cost
 - Reduction of standard times
3. **Project team:** Mr. Cunningham, director of operations, has established a project
team with the following functions:
 - teamleader
 - industrial engineering
 - cost accounting
 - engineering
4. **Start of the project:** Dec 1, 2003
5. **End of the project:** Sept. 30, 2004
6. **Tasks of the project team:**
 - Team chart
 - Project plan
 - Organization of production departme nt
....alternatives, pros/cons
 - Analysis of the burden rates
....cost cutting
 - Standard times reduction
....methods
... reduction program
... work organization