

Perfekta, Inc.



Julian Guerra II
President, Perfekta, Inc.

Julian Guerra has been President of Perfekta, Inc. since 2005 during which he has guided the company through significant restructuring and historical growth. Perfekta, Inc. manufactures complex monolithic components and assemblies for the aerospace, defense and general aviation industry. Its primary customer base includes Cessna, Boeing, Hawker Beechcraft, Gulfstream, Spirit, and Bombardier.



SEA SUPPLIER
EXCELLENCE ALLIANCE

Supplier Presentation
April 2008

Facts

Company

- Founded in 1984
- Privately held Corporation
- Wichita, Kansas

People

- About 200 Employees
- Highly diverse workforce
- Family environment

Operations

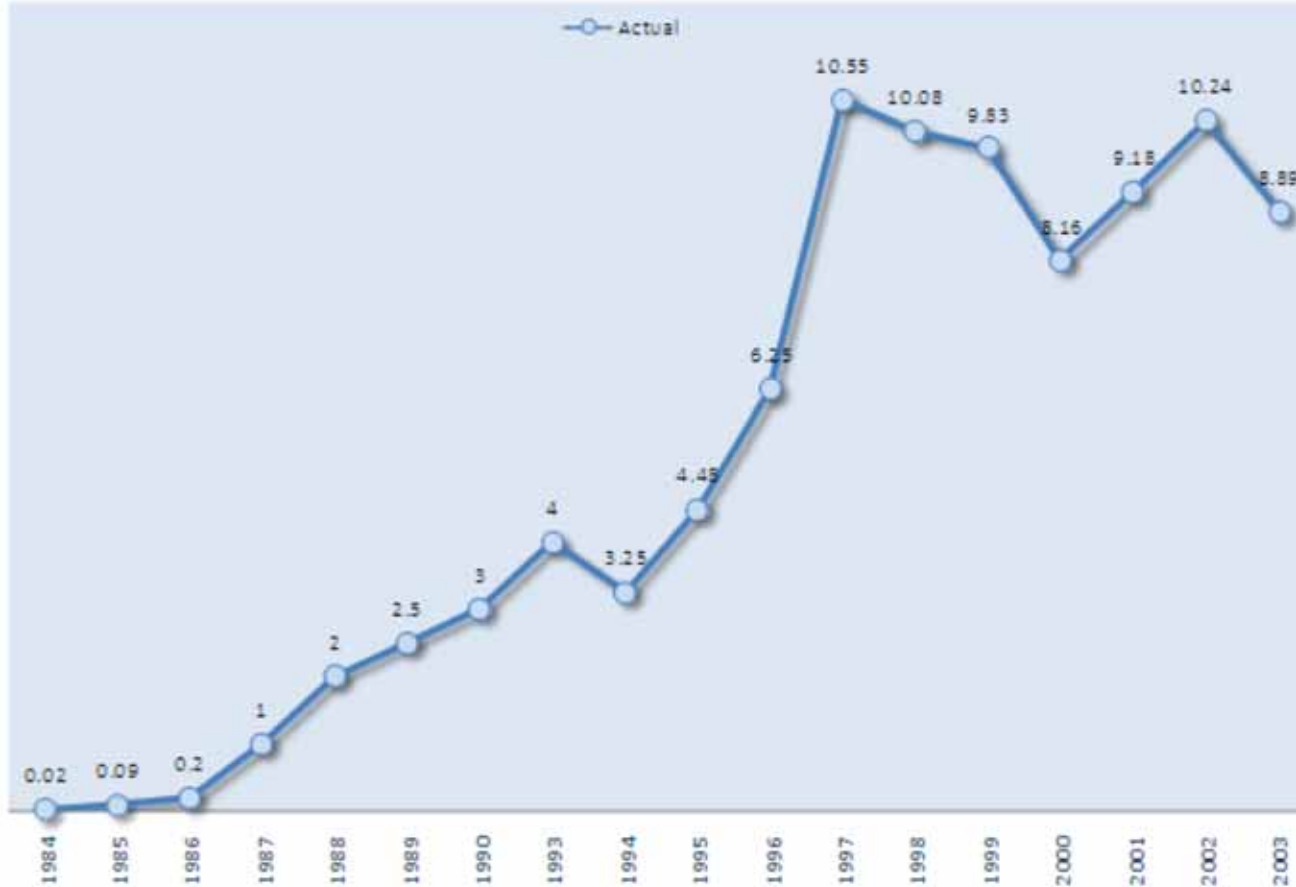
- 80,000 sq ft
- Aluminum & Hard Metal
- 3, 4, 5 Axis Machining
- Precision & Structural Assemblies

Customers

- 100% Aerospace

Organic Growth

PERFEKTA REVENUES



- Revenues plateau
- Tribal knowledge, owners further removed from the operations
- Industry transformation
- Restructuring of the Supply Chain
- We had a broad work statement
- Business was still managed as a small mom & pop shop
- We hit a wall and had to change**

Agenda



Highlights of our journey

Why we chose SEA

The improvements we made

The business results we achieved

The next steps for us

Path towards Improvement

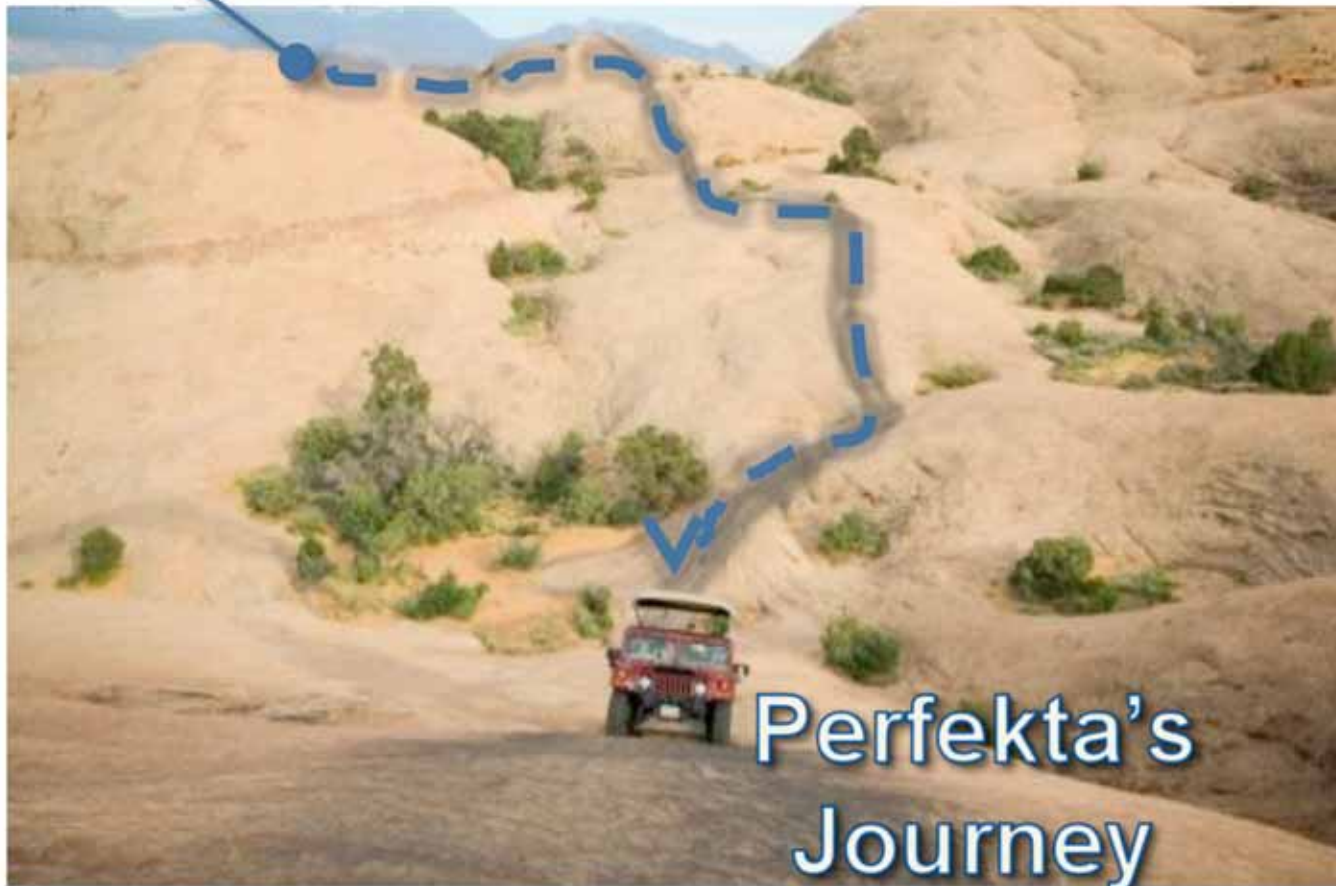
Change to survive!



- Delivery problems
- Quality problems
- Financial problems
- **High Maintenance Supplier.**

- Large product mix
- Customer Reps. on site
- Industry demanded
 - Price decreases
 - Min Max
 - Higher performance in Delivery & Quality
 - Better lead times
 - Suppliers absorb more hidden costs

Recognizing we're in Trouble!



**Perfekta's
Journey**

Path towards Improvement



Take Control Back



- Strong leadership commitment to improve
- Reactive Plan
- Established basic performance measurements & tools
- Dev Capacity Mgt System
- Bottleneck Mgt – started at the end of the process
- Implemented 5S across the whole organization

Path towards Improvement

Recognizing we're in Trouble!

Taking Control

Brute Force Improvements

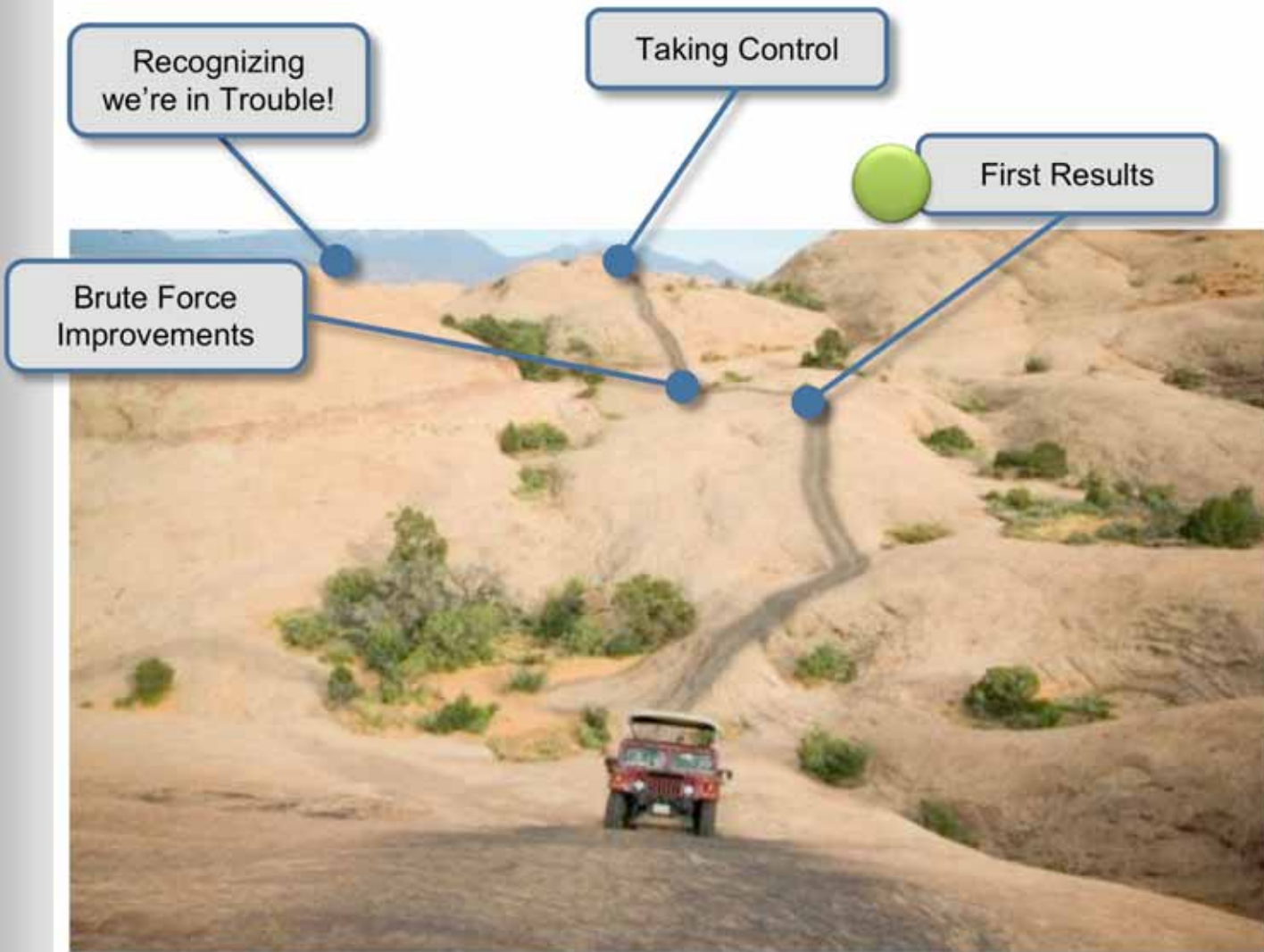


Brute Force Improvements



- 87 Improvements – focused on
- WC Performance & setup reduction
- Estimating & costing accuracy
- Preproduction cycle time
- Inventory control / accuracy
- Production Planning
- Scrap Reduction
- Operational Layout

Path towards Improvement



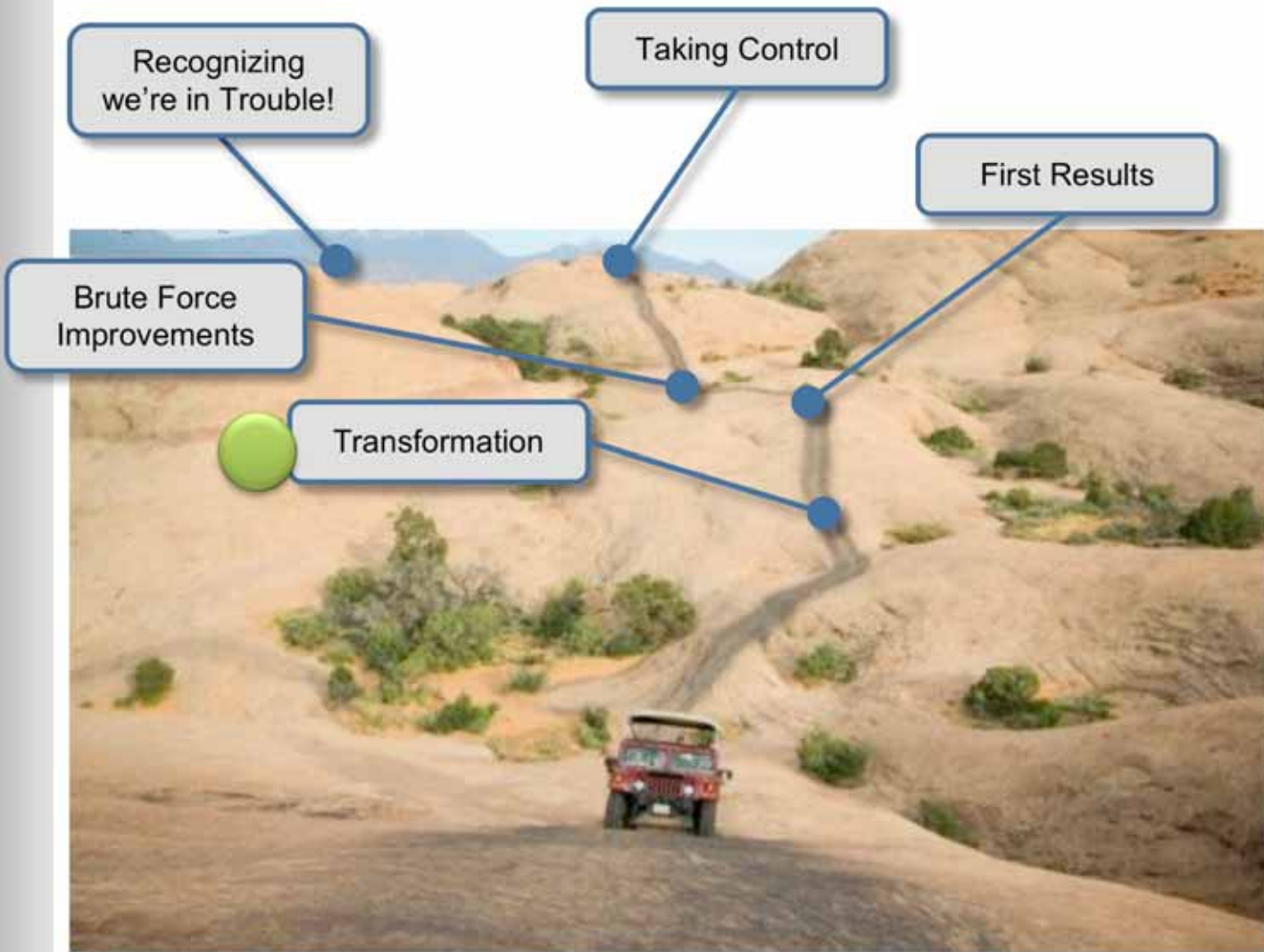
First Results



- Established Tracking Operations System
- Delivery now acceptable
- Quality now acceptable
- Financially stable
- Low Maintenance Supplier

- New opportunities (Growth Supplier Status)
- Perfekta culture now believes in "change"

Path towards Improvement



Transformation



- Plan for a solid future
- Engaged leadership team
- Grow the business (complex machined parts & assemblies)
- Sustain the results achieved
- Strategic Planning
- Utilize resources better to deal with more change at one time
- Tie improvement efforts to a business strategy and goals

Why SEA?

SEA engagement

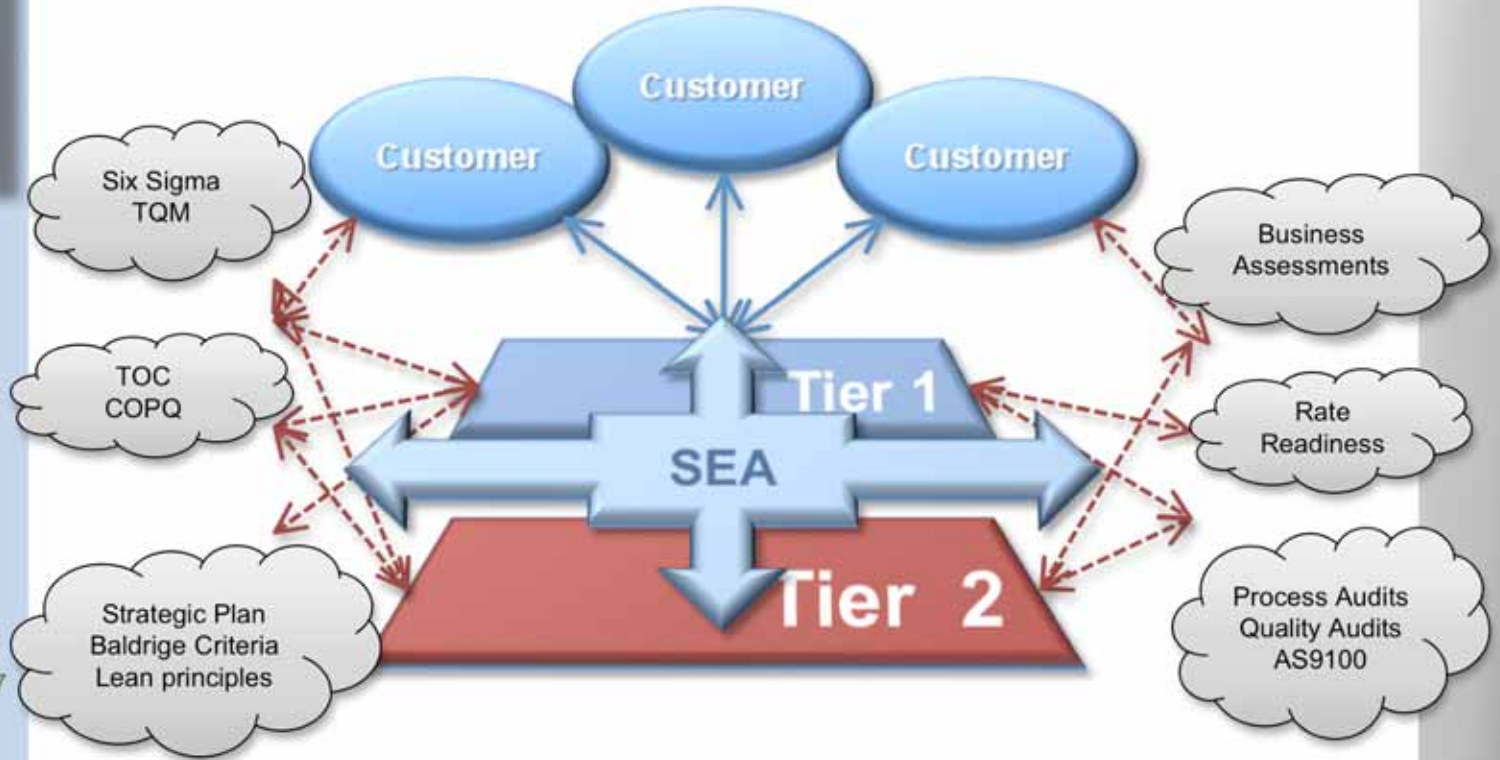


The **SEA-LES** was a common industry wide approach that made sense to us and was a highly credible solution recognized by our customers.

"We have engaged SEA for three main reasons:

- 1) Step by step, aerospace industry led approach.
- 2) To accelerate our performance as a company
- 3) Credible platform to be recognized for results"

Company Meeting 2007



Why SEA?

SEA engagement

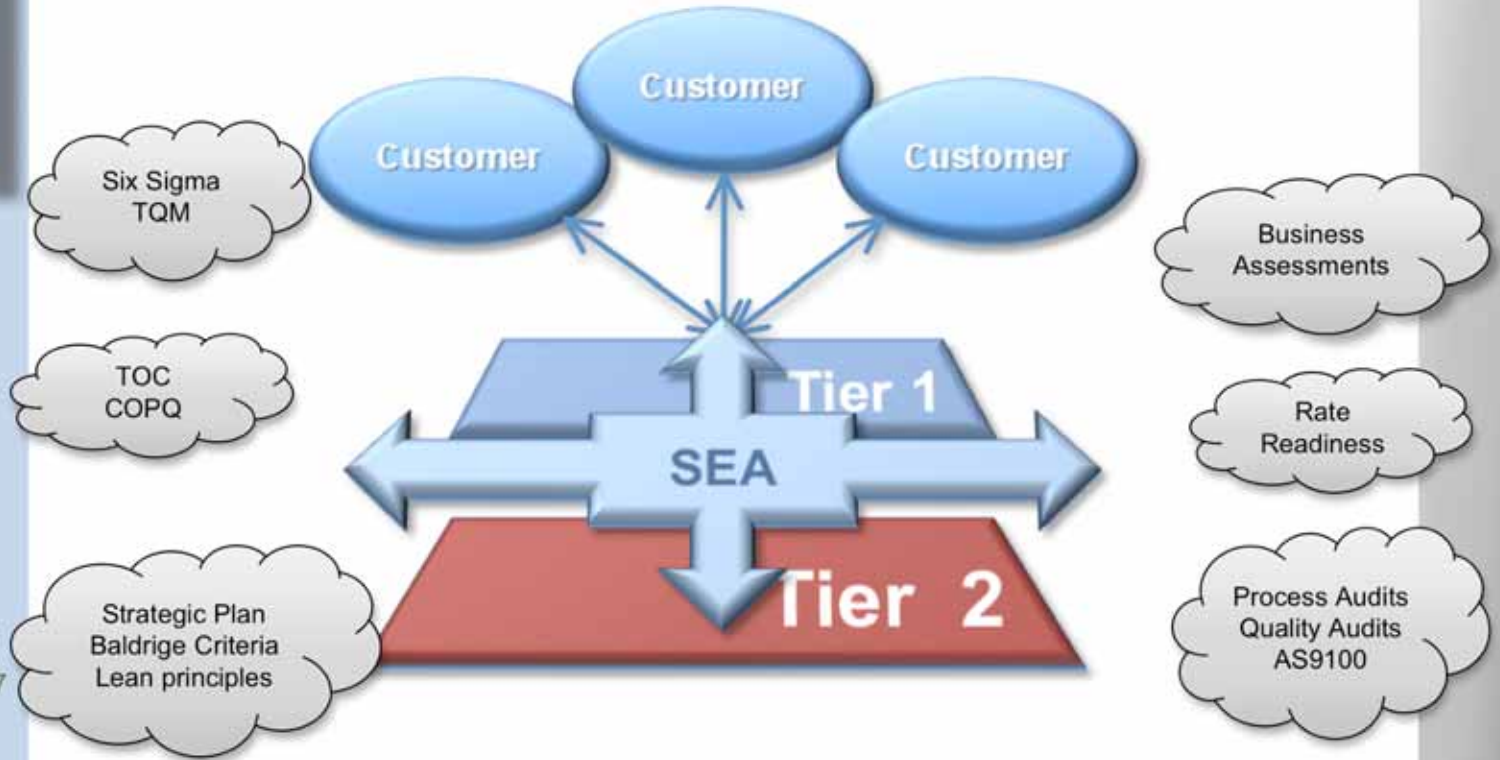


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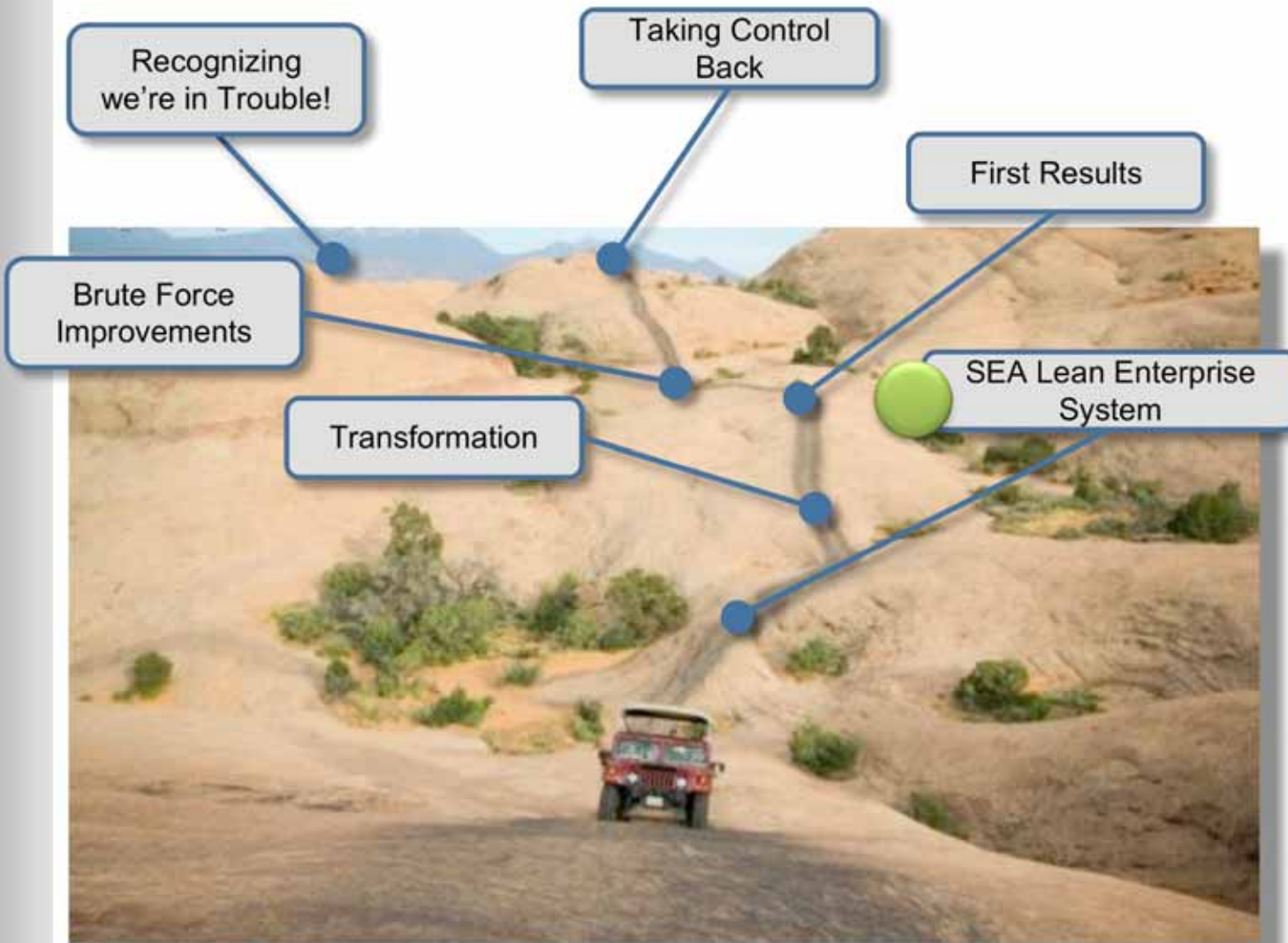


Timeline

SEA Phase I Activities	Month
Strategic Planning Workshop	APR
Management Planning Workshop	MAY
Managing Process Improvement	JUL
Job Skills Training Objectives	AUG
Job Skills Master Trainer	SEP
Job Skills Advanced Planning	OCT
Job Skills Training Materials	OCT
Kaizen #1: Value Stream Design	JUL
Kaizen #2: VS Physical Implementation	AUG
Kaizen #3: MAG-3 SMED	NOV



Path towards Improvement



SEA - LES



- Engaged Supplier in May 2007
- New Vision "Customer Partnership"
- Business Model
- Value stream approach
- MAG3 Flow line
- Managed Processes
- Standard Work Certification

Vision

VISION:

To become a **strategic aerospace partner**, critical to the success of our customers' programs...

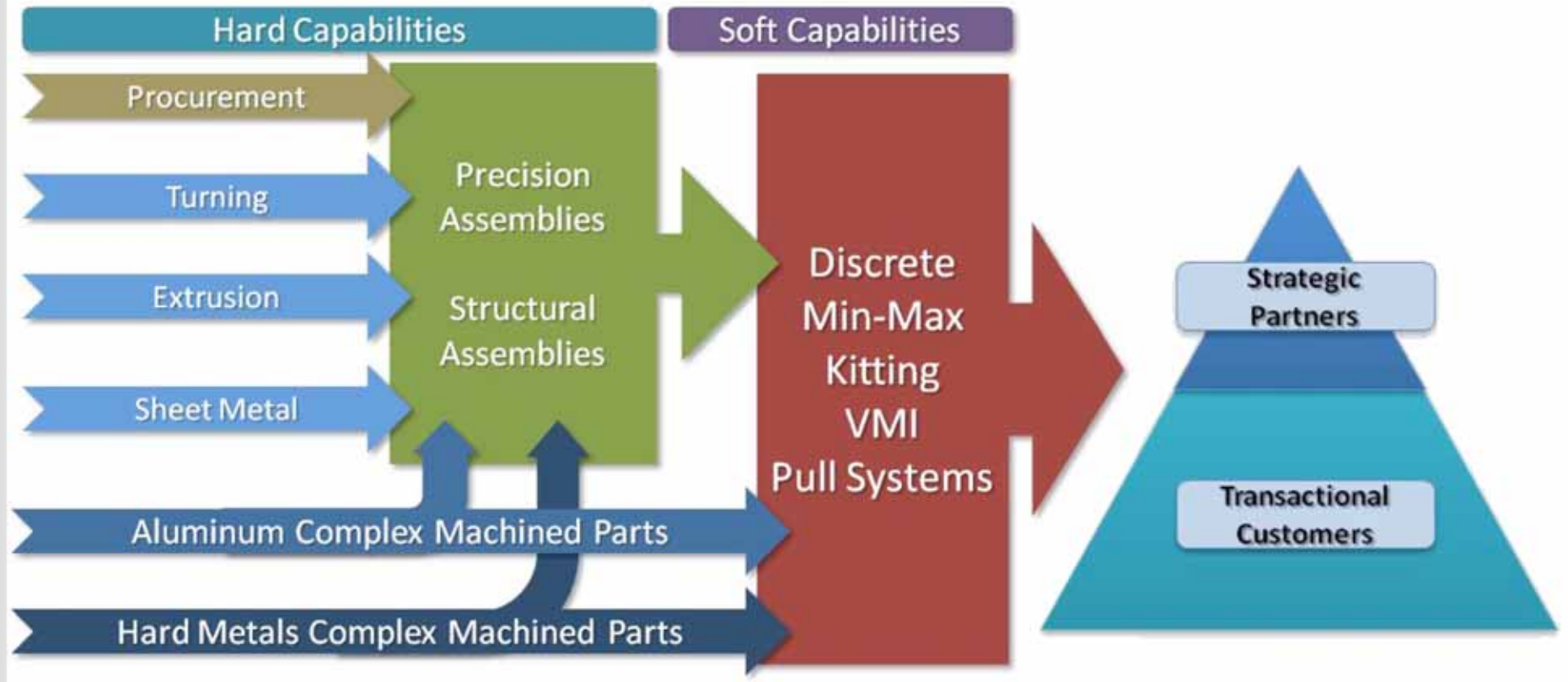


"We use to want to satisfy our customers, now we want to ensure their success"...

Strategic Planning 2007

Focus

High Performance-Value Added Services-Collaboration



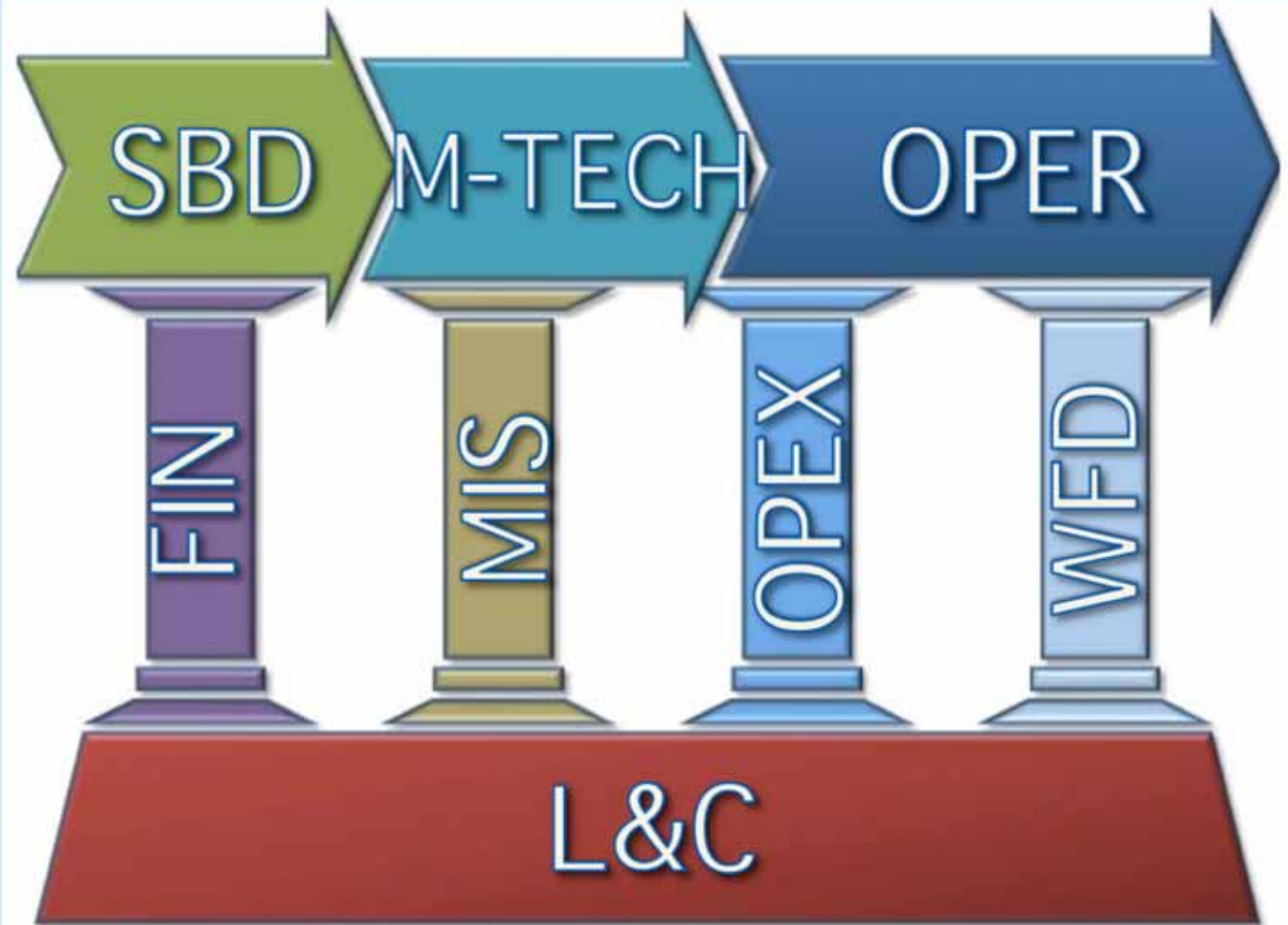


Business Model:

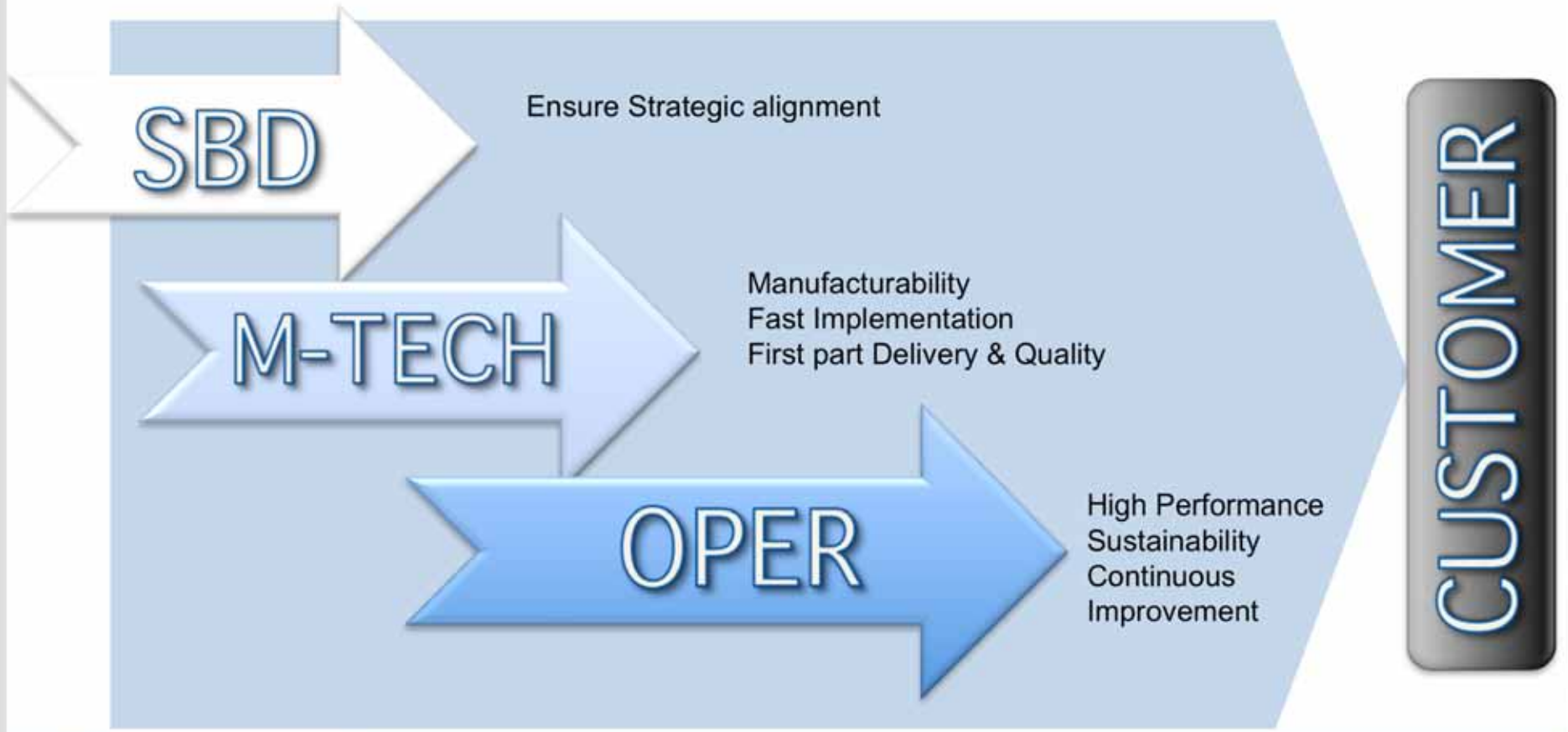
Structuring the business to **add more value** in less time.

“Perfekta’s main goal is to deliver value to our customers, so our business structure must be designed in that way ”...

Management Planning 2007



Value Stream Approach



The right parts

+



The right capabilities

+



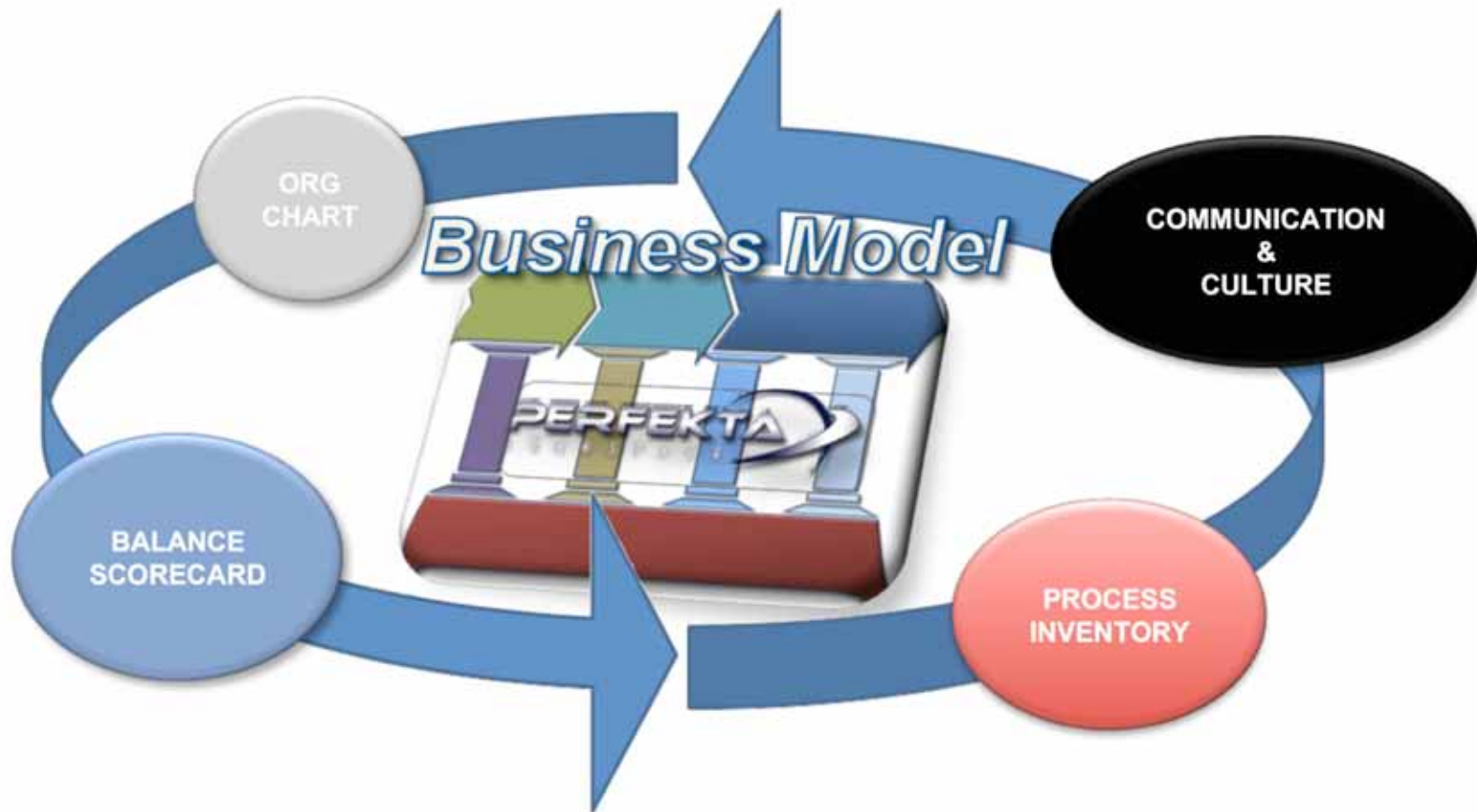
The right approach

=

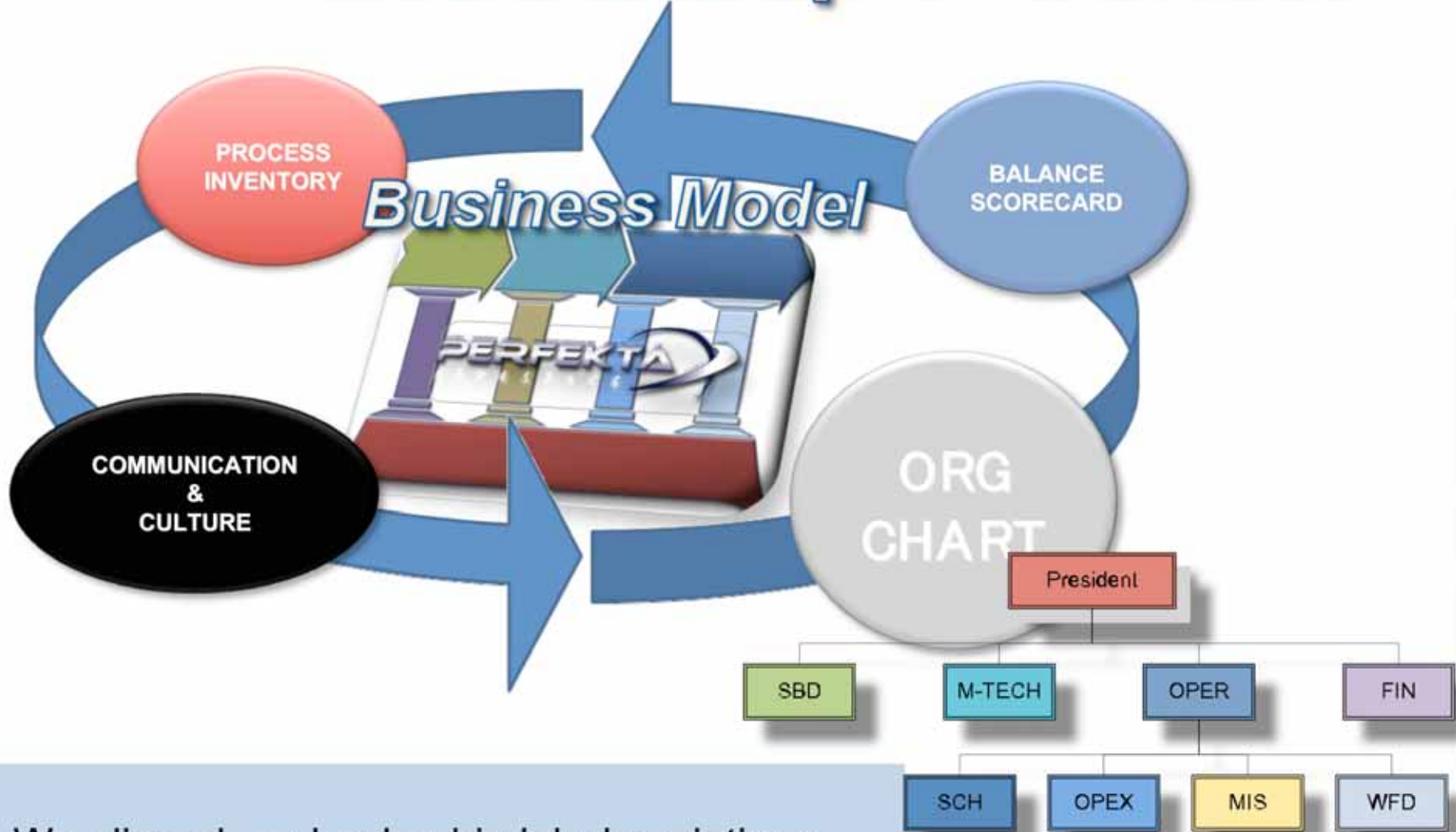


The best solution

Leadership & Culture



Leadership & Culture



We aligned our leadership job descriptions with our mission.

Leadership & Culture

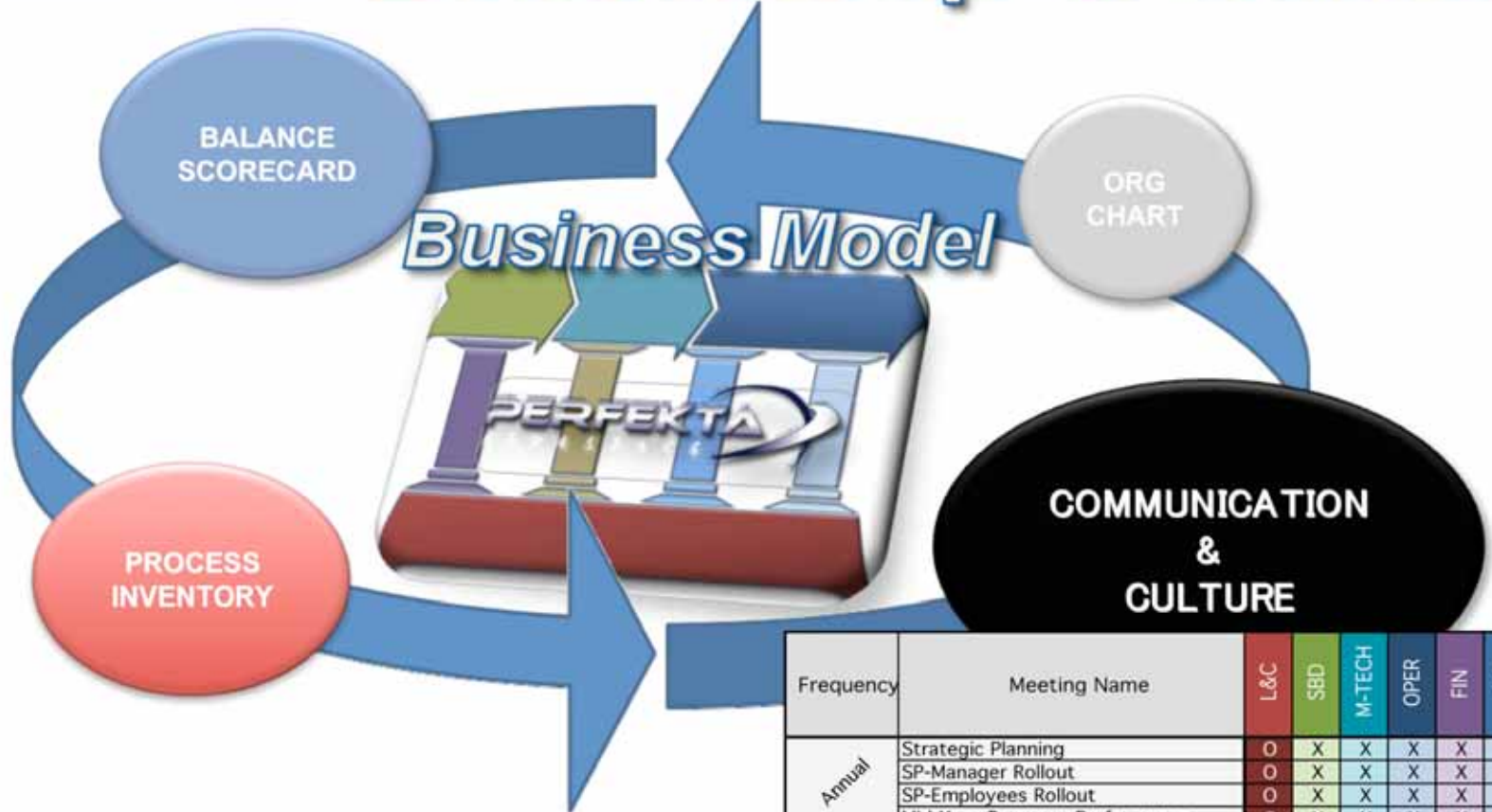


BALANCE SCORE CARD	Metric
Strategic Business Development	
Strategic Work Win Rate	
Strategic Backlog / Total Backlog	
Manufacturing Technologies	
Budget Performance	
	Days
	Dollars
Operations	
Inventory Turns	
Customer Delivery Rate	
Customer Quality Rate	
Finance	
Throughput	
Personnel Expenses	
Operational Expenses	
Information Systems	
Budget Performance	
	Days
	Dollars
Operational Excellence	
Overall Process Maturity Level	
Process at level 3 / Process Improvement	
Workforce Development	
Certification Rate	
Development Hours	
Employment Satisfaction	

Confidential

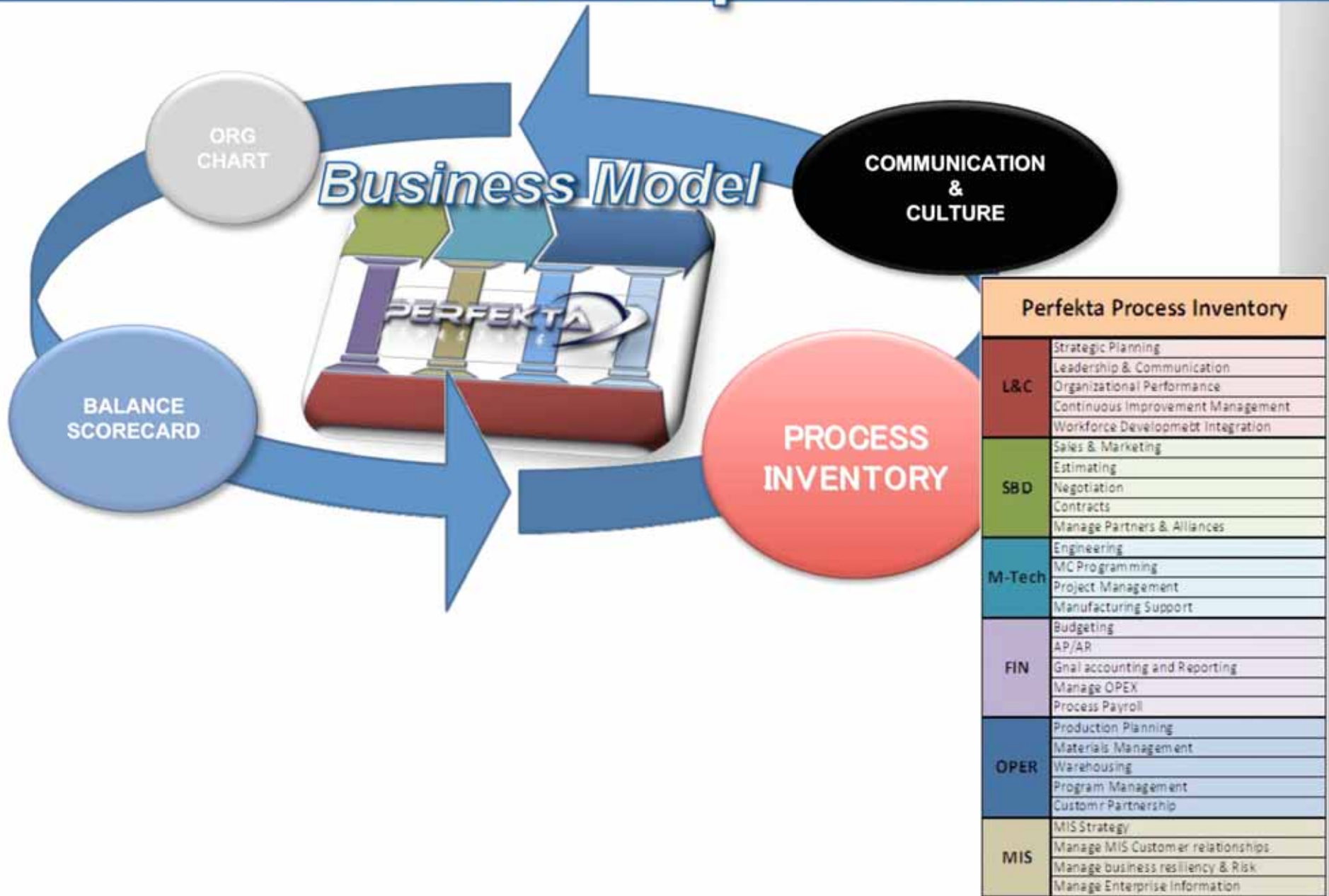
Organizational Performance: Every part of the business model contributes to the achievement of strategic goals and our KPI's

Leadership & Culture



Frequency	Meeting Name	L&C	SBD	M-TECH	OPER	FIN	SCH	OPEX	MIS	WFD	HR
Annual	Strategic Planning	0	X	X	X	X	X	X	X	X	X
	SP-Manager Rollout	0	X	X	X	X	X	X	X	X	X
	SP-Employees Rollout	0	X	X	X	X	X	X	X	X	X
	Mid-Year Company Performance	0	X	X	X	X	X	X	X	X	X
Quarterly	Strategic Review Meeting	0	X	X	X	X	X	X	X	X	X
	Managers Meeting	0	X	X	X	X	X	X	X	X	X
	SIOP-Capacity Management	0	X	X	0	0	X	0	0	0	0
Monthly	Directors Meeting	0	X	X	X	X	X	X	X	X	X
	Managers Meeting	0	X	X	X	X	X	X	X	X	X
	Program Reviews	0	X	X	0	0	X	0	0	0	0
	Managers Development	0	X	X	X	X	X	0	0	0	0
	Company Meeting	0	X	X	X	X	X	X	X	0	X
Weekly	Birthday luncheon	0	X	X	X	X	X	X	X	0	X
	Sales & Marketing Activities	X	0	X	X	0	0	0	0	0	0
	Production Performance	0	X	0	0	0	X	0	0	0	0
	Finance Performance	X	X	X	X	0	0	0	0	0	0
	M-Tech Transition SOW	0	X	0	X	0	0	0	0	0	0
	Continuous Improvement Management	0	X	X	X	X	X	0	0	0	X
Daily	M-Tech Transition Machines	0	X	0	X	0	0	0	0	0	0
	Tower of Control	0	X	0	X	0	0	0	0	0	0
	Code Red	0	0	X	X	0	0	0	0	0	0

Leadership & Culture



OPEX

Managed Process



“Continuous Improvement Management Process is the platform to manage change and ensure improvements impact our strategic goals”...



Value Stream Processes		PMM	Goal
VS	MAG-3 Machining	3	3
	MAG-3 Inspection	3	3
	MAG-3 Deburr	3	3
	MAG-3 Conventional Mill	3	3
	MAG-3 Hand Form	3	3
	MAG-3 Assembly	3	3
	MAG-3 Post Production	3	3
	MAG- Material Planning	3	3

SEA Certification Processes		PMM	Goal
L&C	Strategic Planning	3	3
	Leadership & Communication	2	3
	Organizational Performance	2	3
	Continuous Improvement Management	2	3
	Workforce Development Integration	2	3
WFD	Job Skills & Cross Training Certification	1	3
OPEX	Kaizen	2	3
	6S Visual Workplace	2	3
	SMED	1	3
	Materials Management	2	3
	Production Planning	2	3

Critical Processes		PMM	Goal
SBD	Estimating	1	3
M-TECH	Project Management - Transition of SOW	1	3
FIN	Budgeting	2	3
OPER	Program Management	2	3
	Customer Partnership	1	3
	SIOP	2	3

OPEX

Process Development



"Continuous Improvement Management Process is the platform to manage change and ensure improvements impact our strategic goals"...



Flow Lines



"Customer Partnership starts with performance, higher levels of performance come from new ways of thinking"...

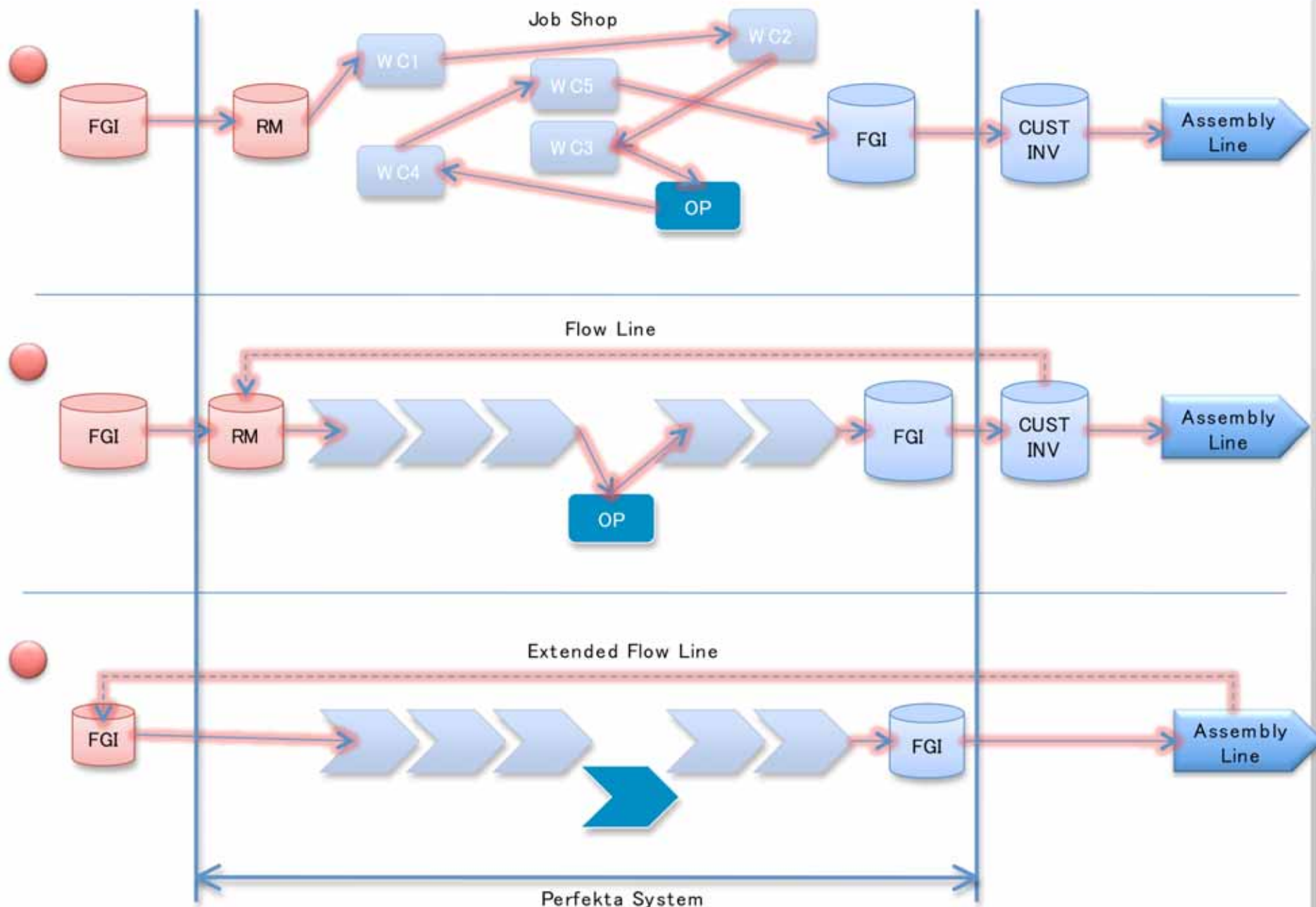
MAG-3 Celebration 2007



Lean Project - MAG-3 / Assembly

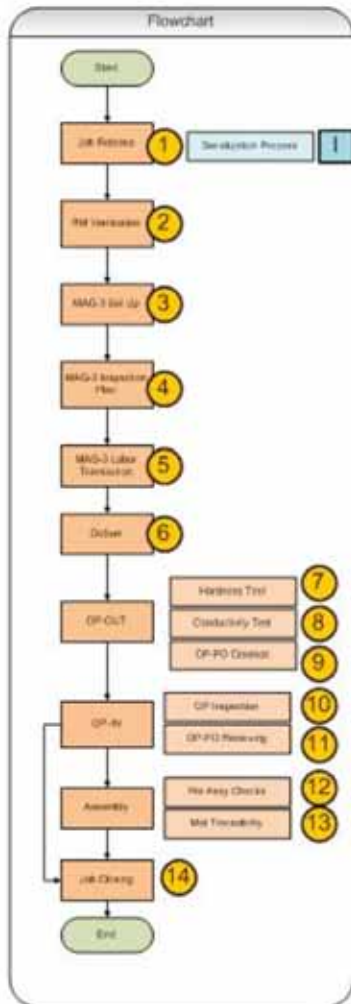
Name:	MAG-3 Production Line	
Start:	May-2007	
Finish:	Oct-2007	
	Plan	Actual Results
Cycle Time:	50% (From 120 < 60)	67% (From 120 < 40 days)
WIP:	Reduce \$200K	\$275K
Labor Productivity:	Increase 25%	Increase 20%
Shortages to the line:	From 50 to 0 /Month	3 /month
Current Status:		Line live - Level 3

Flow Lines



Workforce Development

Job Skill Certification



“Workforce Development Integration is the system that ensures that we have the best team for our operations. A highly skill, motivated and flexible workforce.”



Workforce Development

Job Skill Certification



Work Station

MAG-3 Machining



Upstream

Working Station

Downstream

MAG-3 FIFO Lane

Selection criteria:
Level (3) 4-5 axis machinist

Pre-requisites:
Flow line orientation
Rework / Scrap process
Job paperwork
6S

Core POPS:
Raw material validation
MAG3 machine validation process
 Probing routine
 Grid shifting
 A-C offset verification and setting

MAG-3 Inspection

“Workforce Development Integration is the system that ensures that we have the best team for our operations. A highly skill, motivated and flexible workforce.



Workforce Development

Job Skill Certification



Work Station Excellence

Standard deburr work (Compatibility Mode) - Microsoft PowerPoint

Home Insert Design Animations Slide Show Review View

Clipboard Styles Font Paragraph Drawing

POP

- Upon completion of the training you will be able to correctly and efficiently deburr.
- Upon completion of the training you will know and understand standard deburr practices.

Trained on usage of hand tools.

Customer requirements dictate that we follow certain specifications for edge break, chamfer, and surface finish.

Big trim, chamfer, and surface finish

Deburr Process

Checklist

Light Burr

Probing routine
Grid shifting
A-C offset verification and setting

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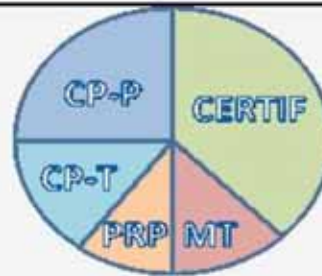


Workforce Development

Job Skill Certification



Work Station Training & Certification				
Work Station:	Assembly			
Team Member:				
Master Trainer:	James Elliott			
	POP	Training	Test	Practical
Pre-Requisite POPS	Flow Line Orientation			
	Rework Scrap Process			
	Job Paperwork			
	OS			
	Usage of Hand Tools			
Core POPs	Hand Drilling			
	Traceability Documentation			
	Inspection Plan Process			
	Electrical Bonding			
	Sealants & Adhesives			
	Line Kan Ban Replenishment			
Certification				
Successful completion of assembly operations for all part numbers in the line				
#	Item	OK	Notes	
1	101-120023-023			
2	101-120023-024			
3	133-100085-1			
4	133-100085-2			
5	133-100104-1			
6	133-100170-3			
7	133-100170-5			
8	133-100185-5			
9	133-100185-7			
10	133-100202-1			
11	133-100202-2			
12	133-100310-21			
13	133-100310-22			
14	133-120028-3			
15	133-120030-1			



“Workforce Development Integration is the system that ensures that we have the best team for our operations. A highly skill, motivated and flexible workforce.”



Workforce Development

Job Skill Certification



	Mag 3	Inspection	Deburr	Hand Drill	CM	Post Production	Assembly
Dave							
Huy							
Eric							
James F.							
Daren K.							
Fernando							
Alberto							
Marcelo							
Felix							
James							

“Workforce Development Integration is the system that ensures that we have the best team for our operations. A highly skill, motivated and flexible workforce.”



Workforce Development

Job Skill Certification

	Mag 3	Inspection	Deburr	Hand Drill	CM	Post Production	Assembly
--	-------	------------	--------	------------	----	-----------------	----------



MAG 3 HAND DRILL VISUAL AID

Part Number: 133-420028-3

V/A Revision Level: 1

Date: 10/12/2007

Author: Rick Burrus

Approved by: Sonya

Keller

Drill Jig

Part is located into jig using 2 pins

Note: Shift part left as clamp is applied!



“Workforce Development Integration is the system that ensures that we have the best team for our operations. A highly skill, motivated and flexible workforce.”



Workforce Development

Job Skill Certification

Mag 3	Inspection	Deburr	Hand Drill	CM	Post Production	Assembly
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MAG 3 ASSEMBLY VISUAL AID

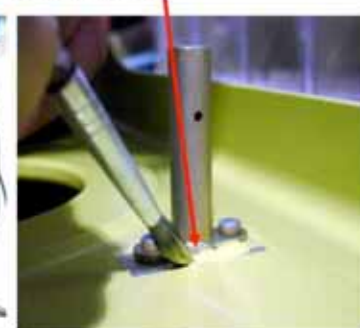
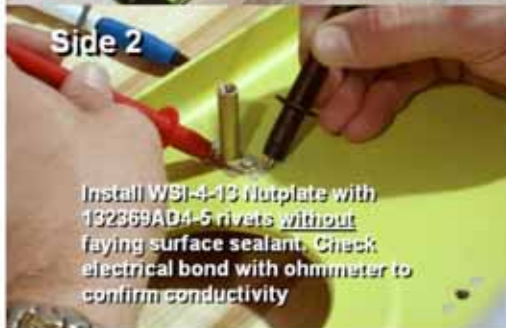
Part Number: 133-100170-3-5

V/A Revision Level: 1

Date: 11/2/2007

Author: Rick Burrus

Approved by: Sonya Keller



1. Install 3 WSI-332-5NH Nutplates
2. Install 1 WSI-332-1NH Nutplate
3. Install 1 MS21059L3 Nutplate
4. Install 1 WSI-4-13 Nutplate without sealant for electrical bond on opposite side
5. Test bond with Ohmmeter
6. Finish exposed surface with 23377 primer



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Workforce Development

Job Skill Certification

	Mag 3	Inspection	Deburr	Hand Drill	CM	Post Production	Assembly
--	-------	------------	--------	------------	----	-----------------	----------



ASSEMBLY VISUAL AID

Part Number: 390-110106-0005-0006	Visual Aid Revision Level:	Date: 6/25/07
Created by: Rick Burrus	Approved by: Sonya Keller	

Stiffener Assy

Press Fit Bushing into the 390-110346 Stiffener per BS24790, Engineering Drawing, and Delta Note C using MIL-P-23377 primer.

Install 390-815219 Bracket to the 390-110346 Stiffener using collars and pins.



Remove any Finish that may be present from electrical bond areas of the 132506 bracket and stiffener. Treat bare areas with brush type Alodine 1200. Let stand until color changes, then rinse with distilled water and blot dry. Rivet the two details together then prime using MIL-P-23377

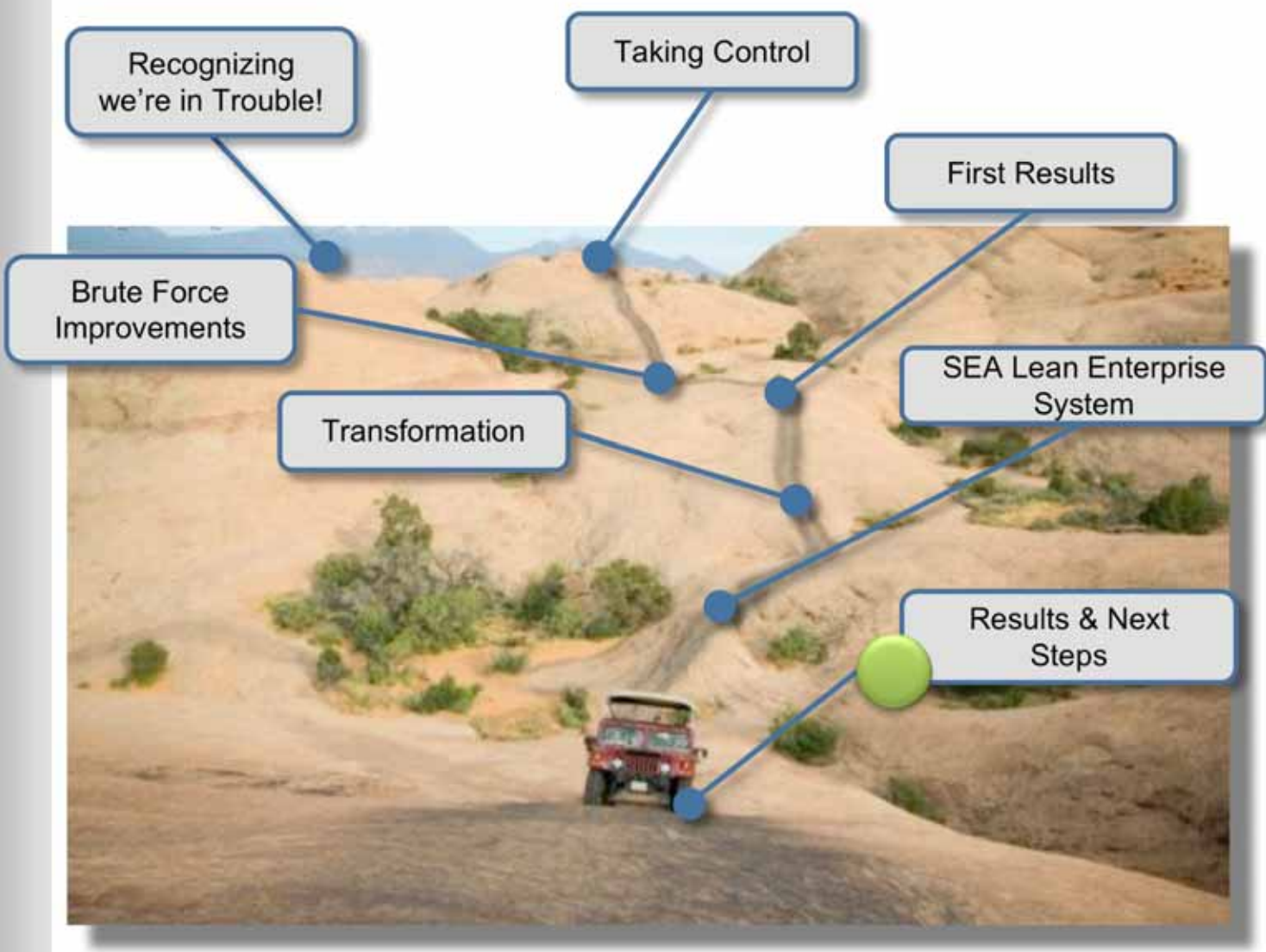
Install TA4077P2816 Bracket to the 390-110346 Stiffener using rivets per print.



“Workforce Development Integration is the system that ensures that we have the best team for our operations. A highly skill, motivated and flexible workforce.”



Path towards Improvement



Results & Next Steps



Business Results



Business Results

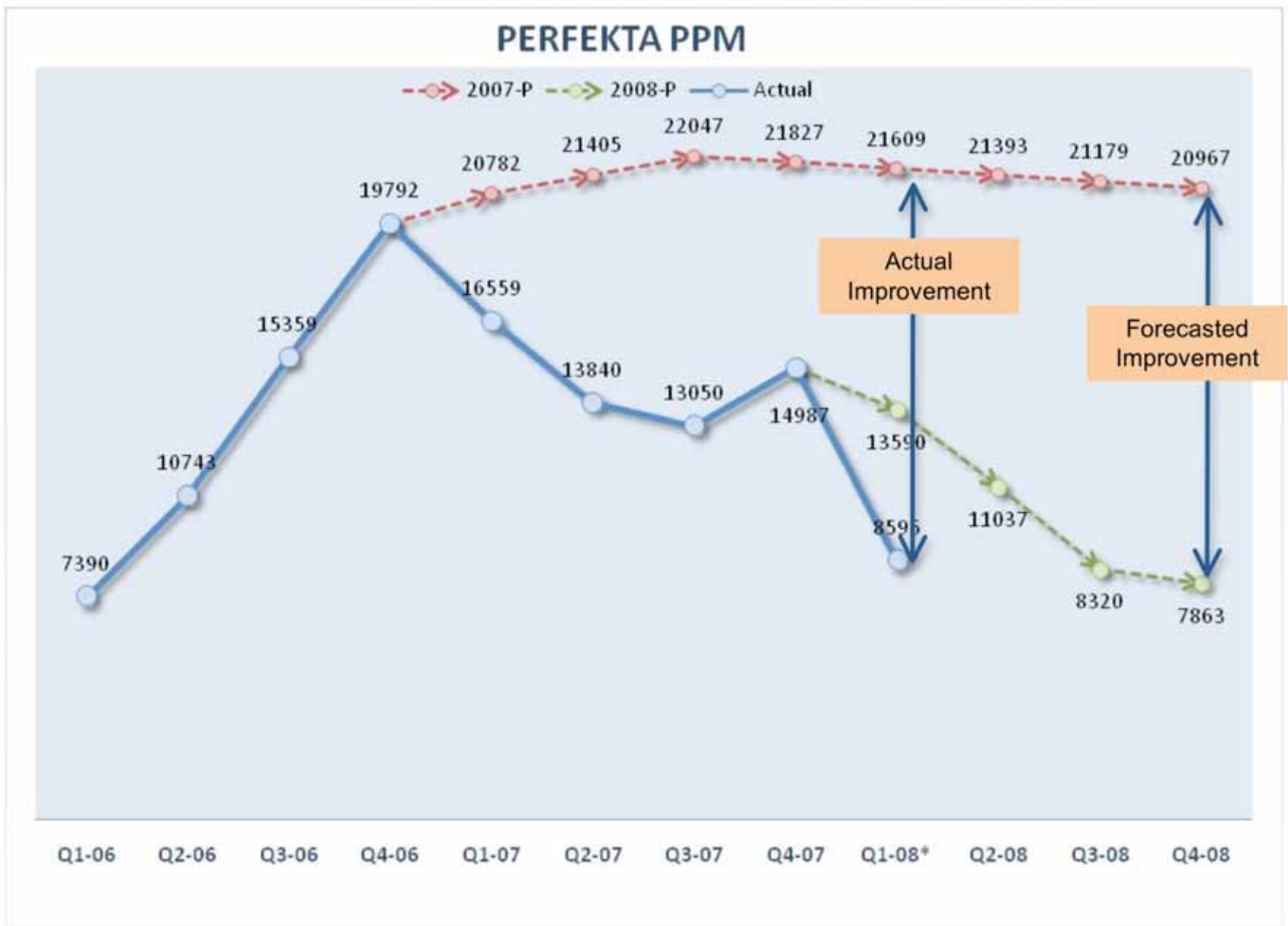


Business Results

PERFEKTA INVENTORY TURNS



Business Results



Business Results

- Company has invested in **training and development** hours (2007 – 14,932 hours)
- **15 integrated Job Descriptions.**
- **63 POP's**
- **75 Graphic Work Instructions**
- **25 Managed Processes**
- All Staff **Organizational Performance Reviews** every month



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Business Results

- Customer OT Delivery is at 98.9 %
- Customer Quality rating is at 99.82%
- Compounded annual sales growth of 34% (Last 4 yrs)
- 4 Supplier Performance Awards in 2007-08
- **100% On Time Delivery (New Strategic Work statements)**



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Next Steps

Launch 3 New Flow Lines



Next Steps

Launch 3 New Flow Lines

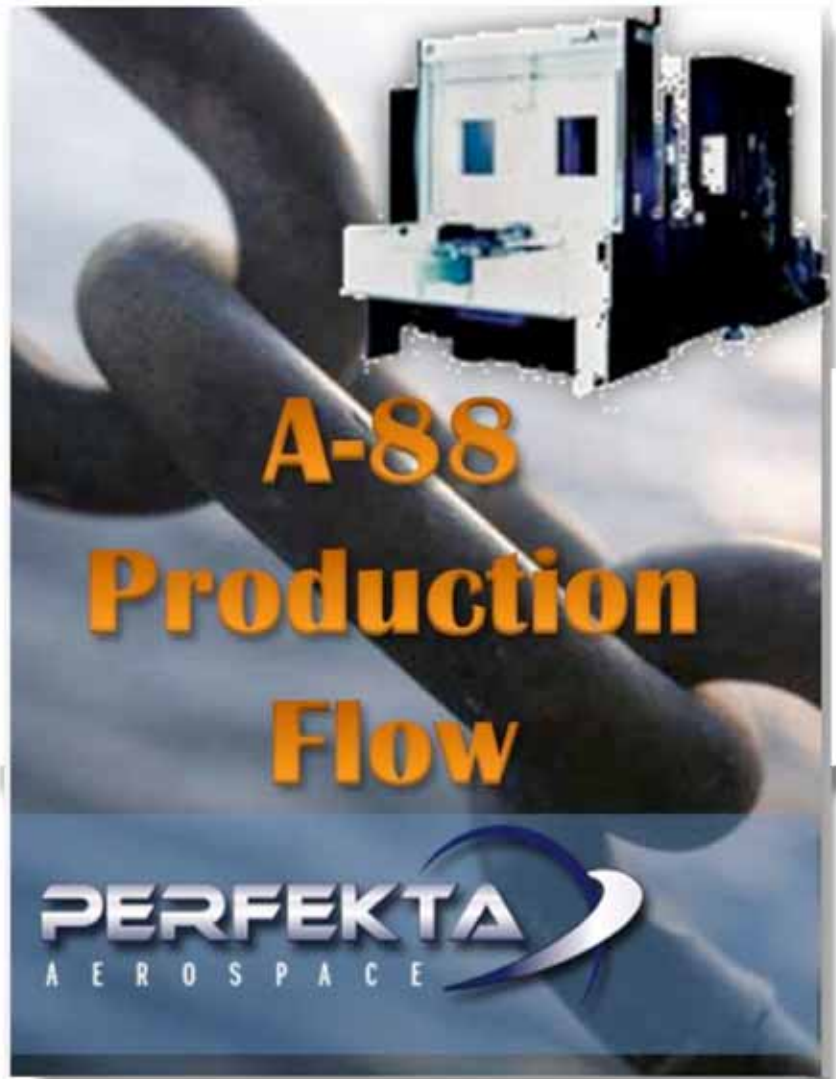


**TITANIUM
CELL**



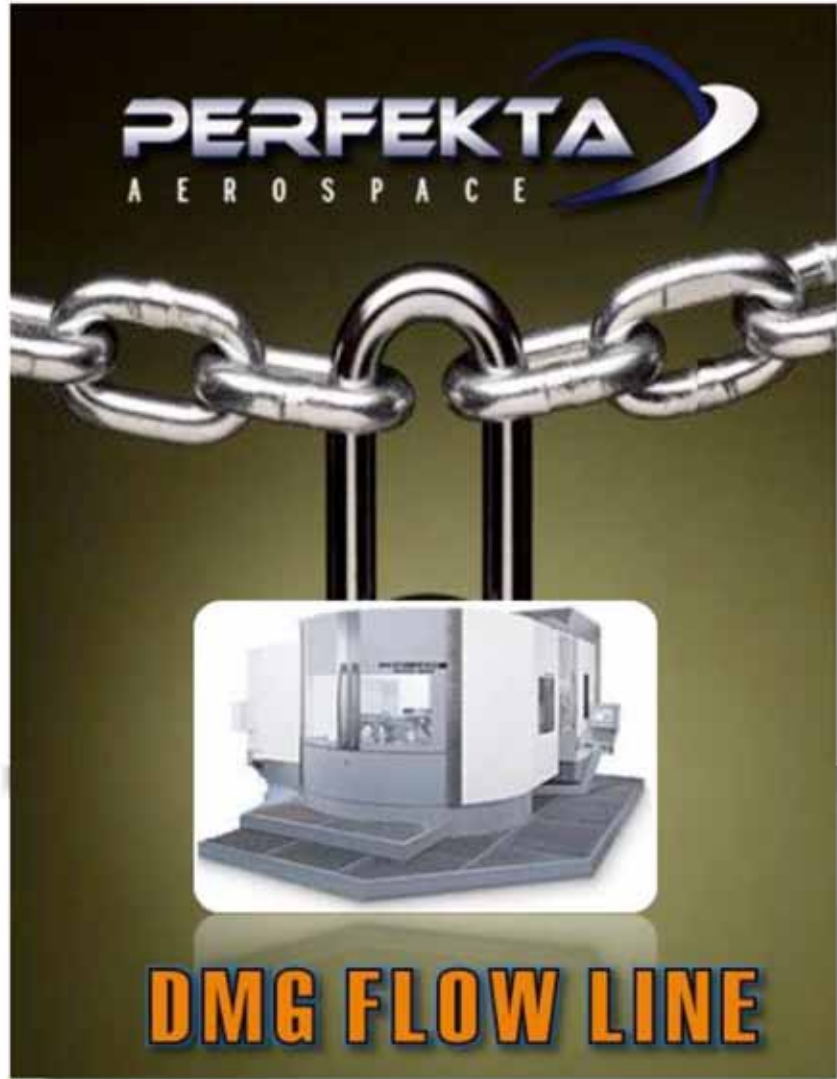
Next Steps

Launch 3 New Flow Lines

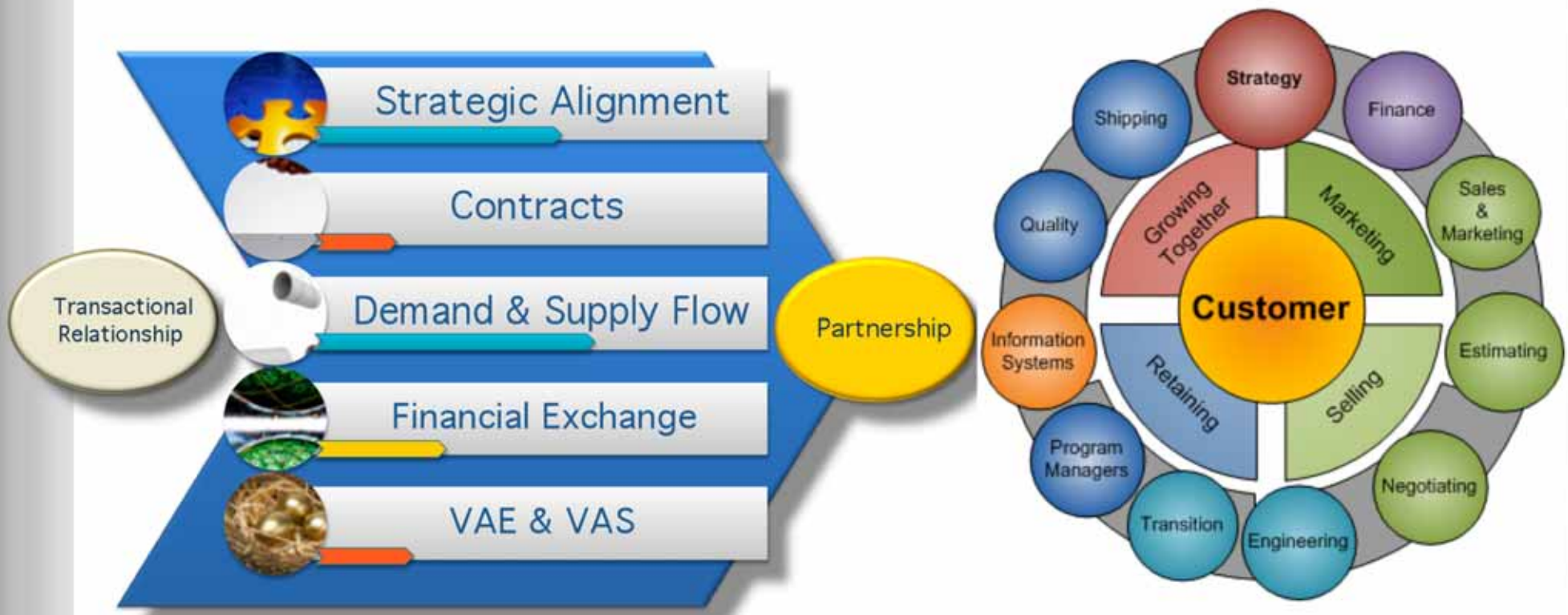


Next Steps

Launch 3 New Flow Lines



Deploy Customer Partnership System



We will measure our partnership maturity level in **every area** that interacts with our customer!



Achieve SEA Certification in 2008



**SEA
Certification**

SEA Certification Processes		PMM	Goal
L&C	Strategic Planning	3	3
	Leadership & Communication	2	3
	Organizational Performance	2	3
	Continuous Improvement Management	2	3
	Workforce Development Integration	2	3
WFD	Job Skills & Cross Training Certification	1	3
OPEX	Kaizen	2	3
	6S Visual Workplace	2	3
	SMED	1	3
	Materials Management	2	3
	Production Planning	2	3

Stage Two – Supply Chain Integration

