

case 1-428-798
November 23, 2009

Remanufacturing at Cummins, Inc.

Bob Wiles, Vice President of Operations at Cummins, Inc., dropped the stack of reports on Sarah Bentley's desk with a thud. He smiled weakly. "I thought I'd give you a few days to settle in as Remanufacturing Division Manager here in Memphis before I handed these reports to you," he said, "but decided you should see them as soon as possible. Things are looking good overall, but you have some important issues to resolve. In particular, several of our largest customers are complaining about erratic and longer than usual delivery times for their orders. Just last week, for example, the CEO of Iowa Transport burned my ears complaining about three delayed orders. We were able to get them out with a lot of effort, but it isn't clear what caused the initial delays. What's frustrating is that while we have a few customers complaining about delayed deliveries, our finance folks are complaining to us about having too much invested in finished goods inventory. This contradiction probably sounds familiar to you. After all, you're the Lean manufacturing expert!"

Sarah nodded. "When I was the plant manager for our new engine facility in Columbus, we were able to improve inventory turns by 25% while reducing space by 15% and delivery times by 10% in a matter of nine months. This should be a fun challenge!" Bob smiled. "That's what I hoped you'd say. Take a look at those reports. They'll give you an idea of what the problems are. You'll probably want to visit the San Luis Potosi and Memphis remanufacturing facilities, too. I'm not sure if there is something subtle and systematic that has crept into our processes, or if these orders are just outliers. In any event, they have caught the attention of our CEO, Arthur Willis, and he wants your initial report in two weeks."

Sarah glanced at the thick stack of reports, which covered everything from Cummins' remanufacturing history to a detailed account of the company's remanufacturing supply chain processes. "Two weeks isn't much time," she thought. "After all, I'm still bringing myself up to speed on the Remanufacturing Division. Then again, with all my experience overseeing Lean manufacturing processes at the Columbus plant, this might be a relatively easy assignment." She opened the first report, titled "Remanufacturing at Cummins," and began to read. A few pages in, Sarah put down the report and picked up the phone. "Hi Paula. Can you get Jason, our Senior Operations Analyst, on the phone?" Sarah was hoping to get insights from Jason Appleton to supplement her own investigation.



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