

Recipient Profile

ACHIEVEMENTS

In the last four years, Johnson Controls Lerma Plant has demonstrated to be the best JIT Seat assembly plant of all North America, increasing the number of customers (OEMS) from one to five and by adding new processes like cutting and sewing and door panel's assembly.

We received the award "Q1" from Ford Cuautitlan in 2012 and "Best Supplier" in 2010 from Chrysler Mexico that motivates all our employees to continue being aligned with the 10 Year Marker that emphasizes customer satisfaction, continuous improvement, innovation and sustainability making our people to live all the values and policies of the company in a daily basis.

Safety and Health

- Safe Start Training to all employees and prime risk below 0.5 points.
- ISO-14000 Re-certification process since 2004
- Sustainability value is measured through ambient audits with the best results of the group since 3 years ago. (Gold medal)

Quality

- RPPM better than the goal last 4 years (6.0 vs. 10 current FY12)
- SPPM better than the goal last 4 years (75 vs. 150 Current FY12)
- IPPM better than the goal Last 2 years (1585 vs. 3500 current FY12)
- Juran audit Best Score in North America. (853 Points from 1000 availables)
- Perfect product launches 0-0-100-30 (0 Accidents, 0 quality issues, 100% delivery on time during the first 30 days of launch) in JC49 seats 2008 & 20011.5, B299 seats, Active Headrest, FIAT 2011 door panels)
- Layered Process Audits (LPA-Yokoten). 94% accomplished.
- ISO / TS 16949 Certification.

Delivery & DL efficiency

- 100% on time delivery to all customers
- 100% in CLS and CLD metrics (Chrysler delivery metric) in the last 4 years
- DL efficiency up to goal. 91.2 % vs. 90% according with modapts report

Employee morale

- GES (Best morale metrics system) 80% vs. 71% goal FY12. Conformance
- Genre and Equity Model Certification
- PAE Program. ORIENTAME
- Training (hours/head -%-) up to goal 2.8 last year vs. 2.0 % goal
- "Conozcamonos" Program (Direct labor express for improving morale)
- Absenteeism and Turnover below goals 0.8 vs. 0.88 and 1.61 vs. 2.50 last year

Cost

- Conversion Cost reduced from 21.15 to 14.72 USD per EQU (FY09-FY2012)
- Continuous improvement Savings FY08 - FY12 by 12.4 million Usd.
- Sales increased by 60% after automotive crisis in 2009.
- Ebit has increased by 19% from FY11 to FY12.

Awards & Recognition

- Chrysler Gold Award – Superior Supplier Performance; 2009.
- Q1 -Ford :High Quality performance Award
- Chairman's award 2010 (Most important award that a JCI company can receive).
- Shingo Bronze Medallion (Shingo award) FY12
- Family Responsible Certificate in 2010
- Genre and Equity Model Certification
- National Government support for Technology innovation in Mexico (CONACYT)

People

More than 900 employees live the lean thinking every day in their job and in their regular activities ensuring that all processes work with minimum waste. At the beginning of every fiscal year we established the Strategic Operations Plan with several metrics and objectives that help us to be

aligned with the values, vision and mission described in the 10 Year Marker. The main objectives of this 10 Year marker are:

- Differentiate JCI from the competence
- Value added in all of our activities
- Continuous Improvement focus for all our processes
- Environment and system that promotes new ideas, technologies and processes

Values strengthen our organization and are part of our culture and help us guide behaviors for all employees. The values that we are committing to follow in the 10 Year Marker are key elements to manage the business and achieve long term success.

- Integrity
- Customer Satisfaction
- Employee Engagement
- Innovation
- Sustainability

Lerma Plant has an area focused 100% in Safety, Health and Environment that has as main objective to promote safety and healthy activities among all JCI Lerma employees.

Process

Johnson Controls Lerma Plant has flexible lean assembly lines that allow to manage content changes and mixes from our customers. All manufacturing and administrative processes follow our Business Operation System (BOS) that has global, regional, local and even specific procedures, Work Instructions and forms. One of the four pillars from BOS is the Manufacturing Operation System (MOS) that helps us to follow all of the customers' requirements and special manufacturing procedures. JCI Lerma is measuring Lean Manufacturing implementation effectiveness aligning to MOS procedures and following 10 tools from the Johnson Controls Manufacturing System (JCMS). Culture & Awareness, 5's & Visual Administration, Kaizen & Std Work, Error Proofing, Quick Change Over, TPM, Material Control, Problem Solving, BBP's (Best Business Practices), VSM (Value Stream Mapping. These tools are key elements to achieve the rate that the

customers are demanding with Six Sigma quality in all of our products. *The main enabler is a total customer satisfaction focus based on 3 elements: 1) cero waste tolerance 2) stable work environment 3) customer pulls Lerma's production.*

Product

For years, Johnson Controls Lerma Plant had only one customer (Chrysler) and one product (seats), but in the last four years we gained several new products and customers like active headrests for Sycamore and Northwood plants, GMT900 seats (General Motors), B299 seats (FORD) and finally FIAT door panels.

Even though our main product is the final seat assembly, 3 years ago we transferred to Lerma the cutting and sewing processes for our trim covers. Currently we have three numerical control cutting machines to produce more than 60 different versions of all our seats that we manufacture in the Just In Time (JIT) lines.

Facility

In Dec 2009 JCI Lerma Operation was transferred from Tlazala to Lerma in the state of Mexico. This new location provides a strategic spot for delivering all our new products to our new customers like FORD and GM. The new Plant is located 3 mins away from Chrysler Toluca, 45 minutes away from FORD in Mexico City and less than 4 hours away from GM. The total space of our facility is 188,000 square ft that provides enough space for seven JIT lines and 26 sewing cells in the trim process. We also have a cutting area (with 3 CNC machines), 2 automated shipping systems. Our main lines run at 72 JPH satisfying our customers demand.

Shingo Bronze Medallion recipients 2012

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