

KEY SAFETY SYSTEMS

CASE STUDY

Key Safety Systems (KSS) is a leading global designer and manufacturer of safety-critical components and systems, including airbags, seat belts, and steering wheels. KSS products are used in more than 200 vehicle models produced by over 20 automobile manufacturers throughout North America, Europe and Asia. KSS's customers include DaimlerChrysler, Fiat, Ford, General Motors, Hyundai, PSA, Volkswagen and many others.

Prior to acquisition and 2 years after bankruptcy, KSS's (then named Breed Technologies) performance was deteriorating. KSS was cash negative, spending \$50 million more in cash than it generated from operations. Its cost structure was too high, inflexible, and growing. The company was not properly organized for operational excellence – resulting in uncompetitive quotes, and an inability to meet customer expectations. The company was not winning new large scale programs.

On April 25, 2003, Ed Ewing and his team led the acquisition of KSS. Prior to closing, the team developed a comprehensive, time-phased turnaround “war plan.” The turnaround centered on a balanced effort of organizing and incenting management for operational excellence, instilling discipline in sales and marketing, improving customer relationships, focusing engineering and new product development, reducing all cost components, and concentrating on customer satisfaction.

Management's partnership approach, focus, and determination resulted in immediate and dramatic improvements throughout the entire organization. KSS management significantly improved the cost structure of the company by focusing on every cost component. It addressed stagnant quality performance by improving PPM by approximately 80%, increased engineering focus on value-added projects, and enhanced customer satisfaction by 40%. The turnaround resulted in KSS being awarded significant new business from OEM and Tier 1 customers and transferring business from underperforming competitors.

