BUSINESS PROCESS REMODELING TO MINIMIZE DEFECT RATE IN PT. XYZ, AN ELECTRICAL PANEL BOX MANUFACTURER

By

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STATEMENT BY THE AUTHOR

I hereby declare that this submission is my own work and to the best of my knowledge, it contains no material previously published or written by another person, nor material which to a substantial extent has been accepted for the award of any other degree or diploma at any educational institution, except where due acknowledgement is made in the thesis.

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ABSTRACT

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High defect rate is a common problem of manufacturing companies and it causes high cost of rework, which leads to high cost of production and uncompetitive selling prices. It is found that the defect rate in PT. XYZ is almost half of the company's production output and PT. XYZ is bound to minimize the number of defect rate. The problem is then founded that there are two most recurring defects that made up more than half of the total production defects. The defects are very costly as the defect must be treated after the finishing process, leading to high selling prices. It is found that the problem does not lie only on the process, but lies further on the business process of PT. XYZ. To minimize the number of defects, an evaluation of the root cause of each defect will evaluate the process thus creating business process remodeling and improvement implementation with the aim to minimize the defect rate. Other supporting tools to minimize the defect rate such as work guidelines and recruitment flowchart is also created. By minimizing the number of defects, then the cost of rework will be minimized and selling prices can be more competitive.

Keywords: Business Process Remodeling, Defects, Electrical Panel Box Manufacturing HFACS, Root Cause Analysis

DEDICATION

I dedicate this thesis to Jesus Christ; my Lord, Savior, and Best Friend.

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