



# **2005 Update to the Business Case Analysis of the Parachute Industry**

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# Background

- 2004 National Security Assessment of the U.S. Aerial Delivery Equipment Industry
  - Prepared by the U.S. Department of Commerce
  - 1996 – 2000
  - Scope: Industry-wide; Included Market and Supplier Environments

# Background

- 2005 Update to the Business Case Analysis portion of the original study
  - Adds 2001 - 2005
  - Current Report: 1996 – 2005
  - Scope: 4 primary producers

# Methodology

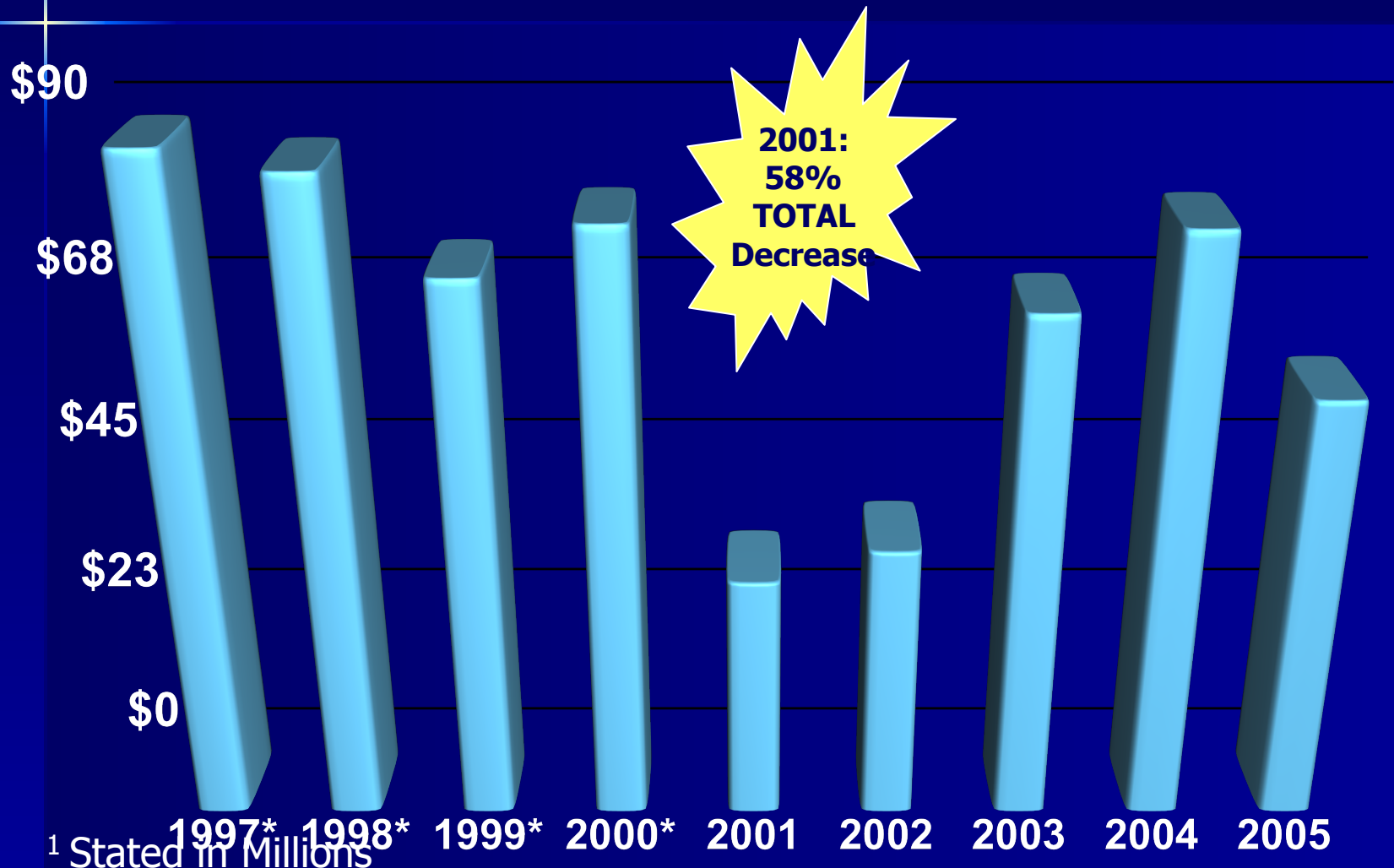
- Multi-stage process
  - Visited one manufacturer
  - Developed questionnaire and collected consistent data and information
  - Followed up with numerous conversations



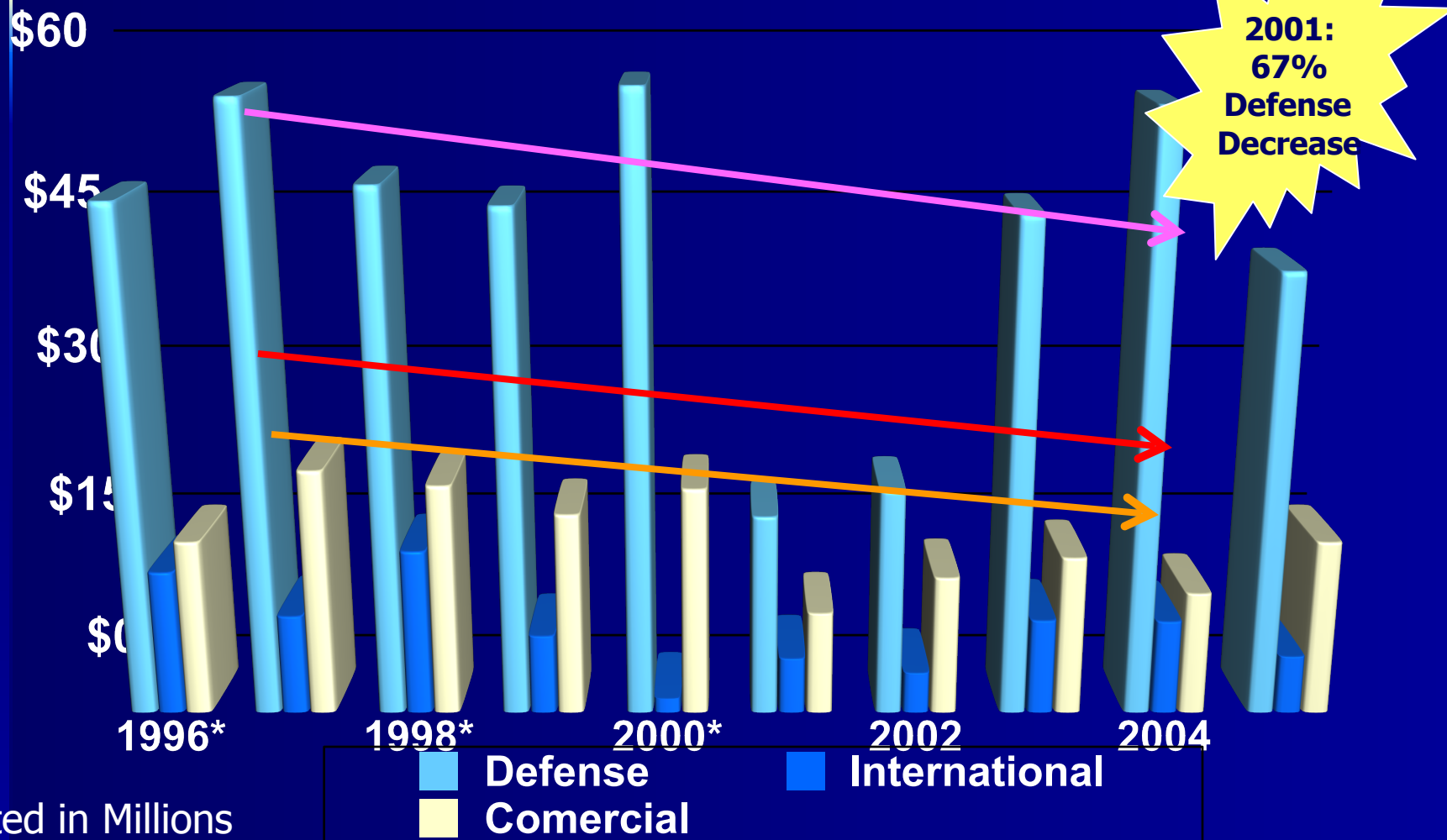
# Business Case Analysis Results

- Four general areas
  - Sales
  - Margin
  - Labor
  - Investment

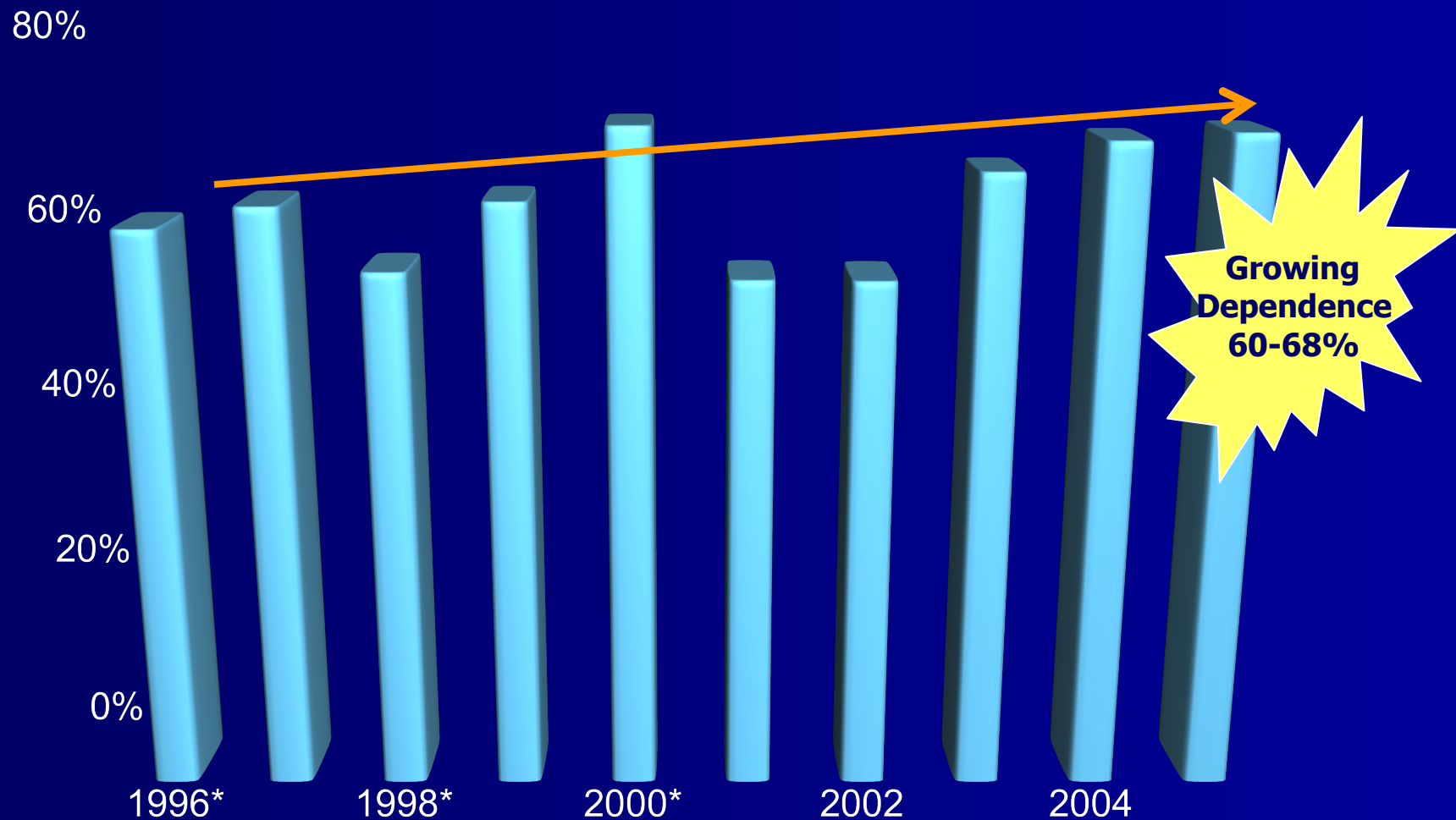
# Total Sales Dollars<sup>1</sup>



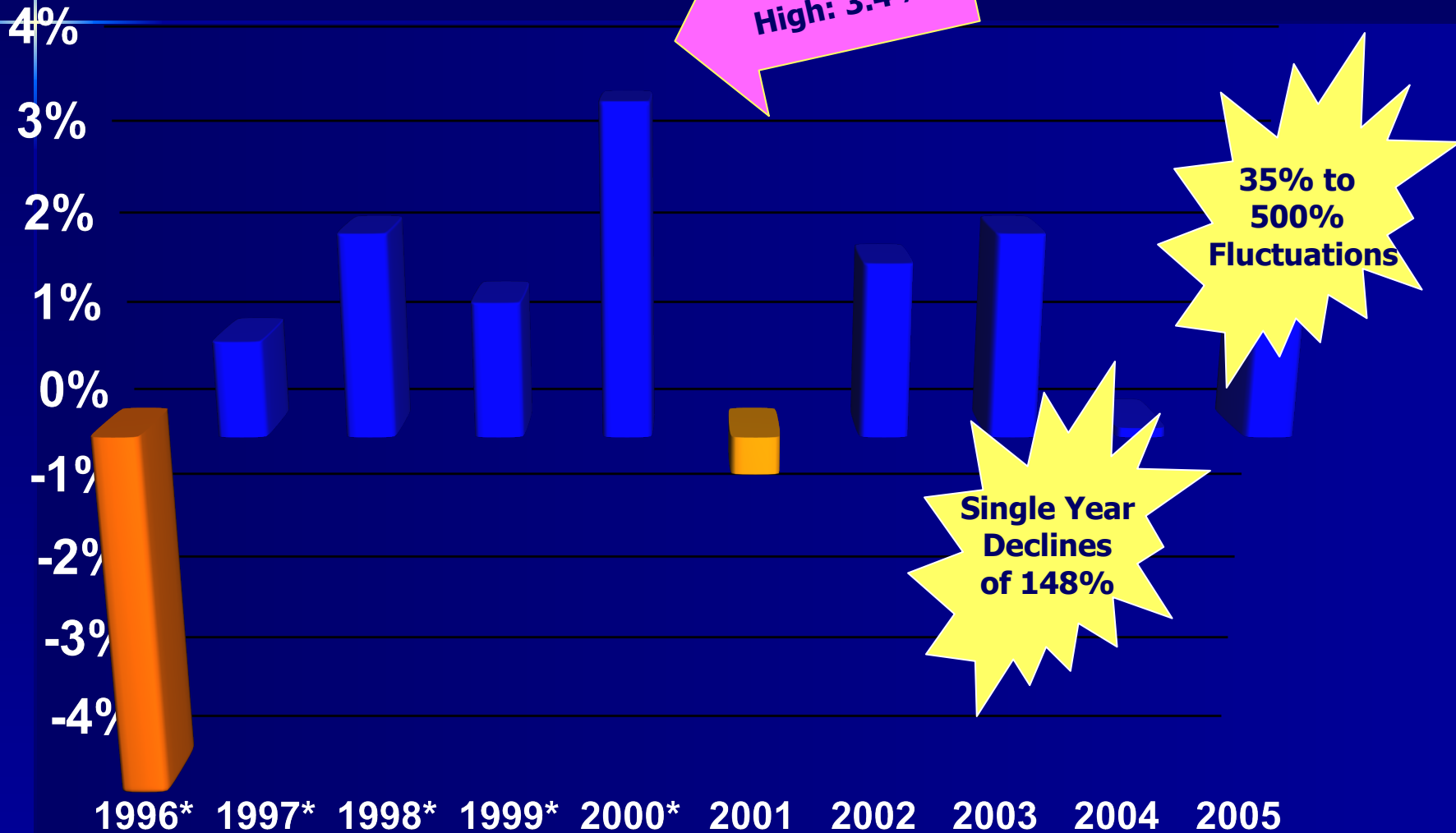
# Sales Dollars by Category<sup>1</sup>



# Defense Sales as a Percent of Total Sales



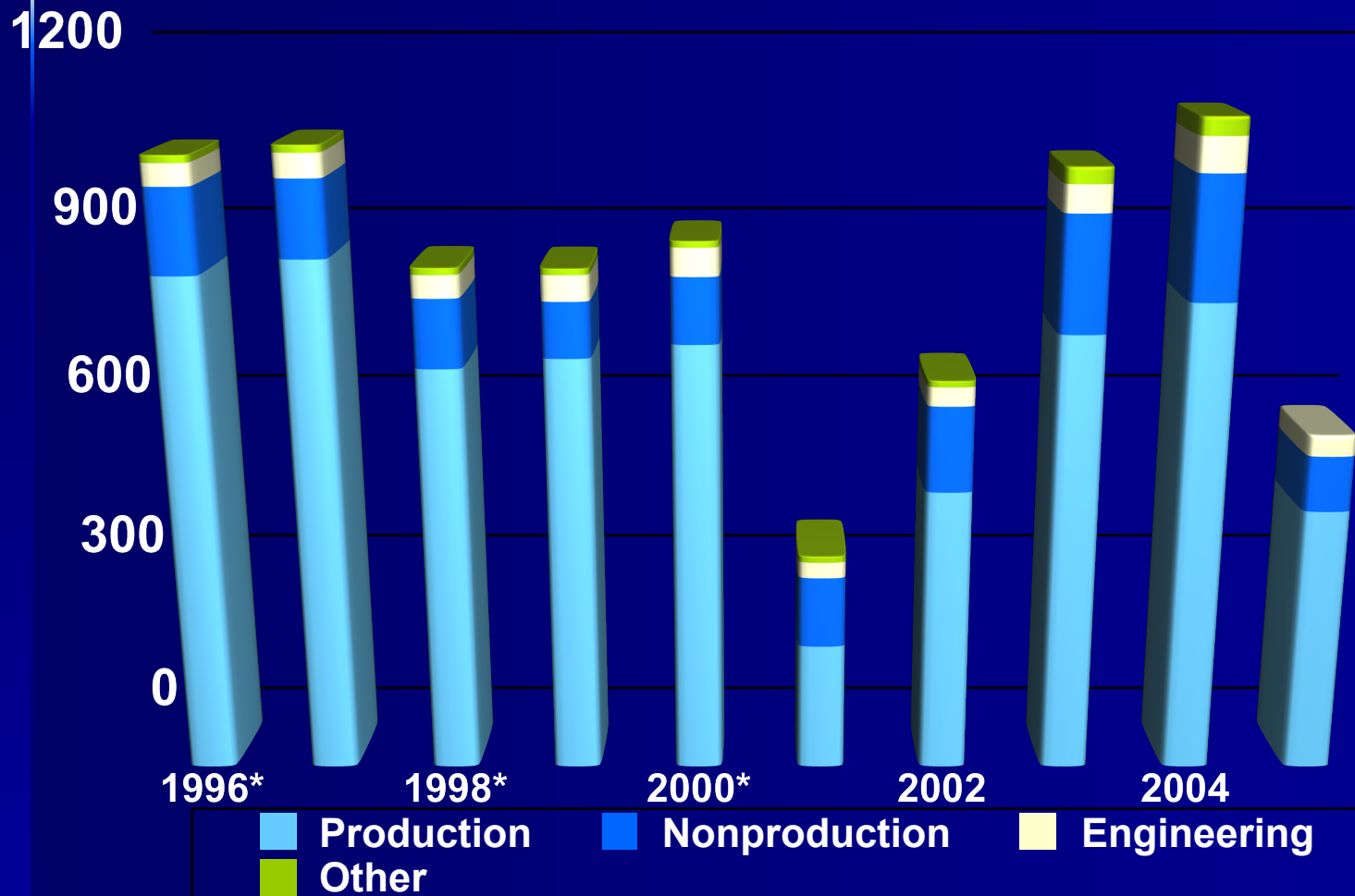
# Average Margin



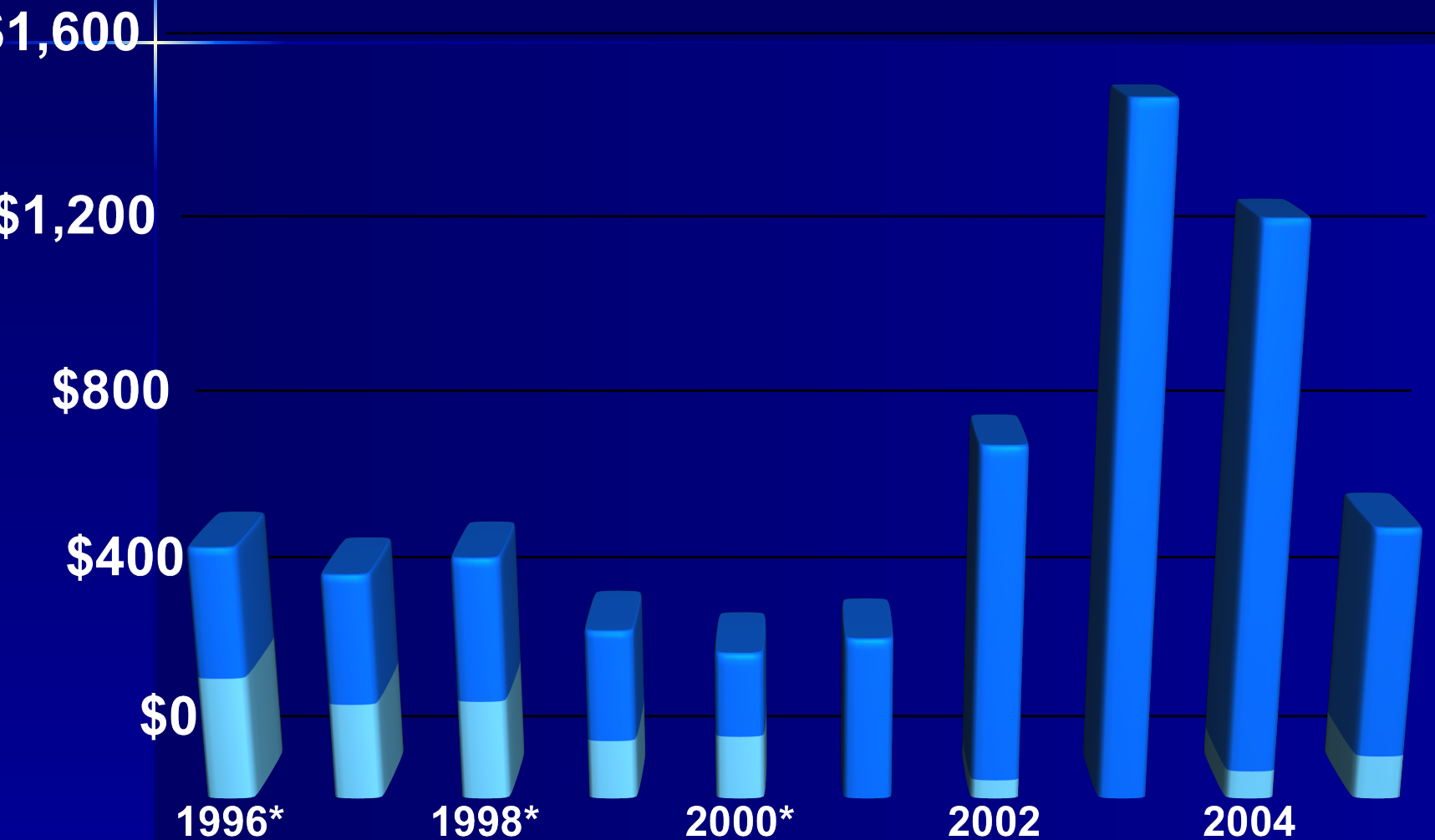
# Labor Statistics

## SIGNIFICANT

Workforce Reductions  
Loss of Expertise  
Eroding Labor Market



# Capital Investment<sup>1</sup>

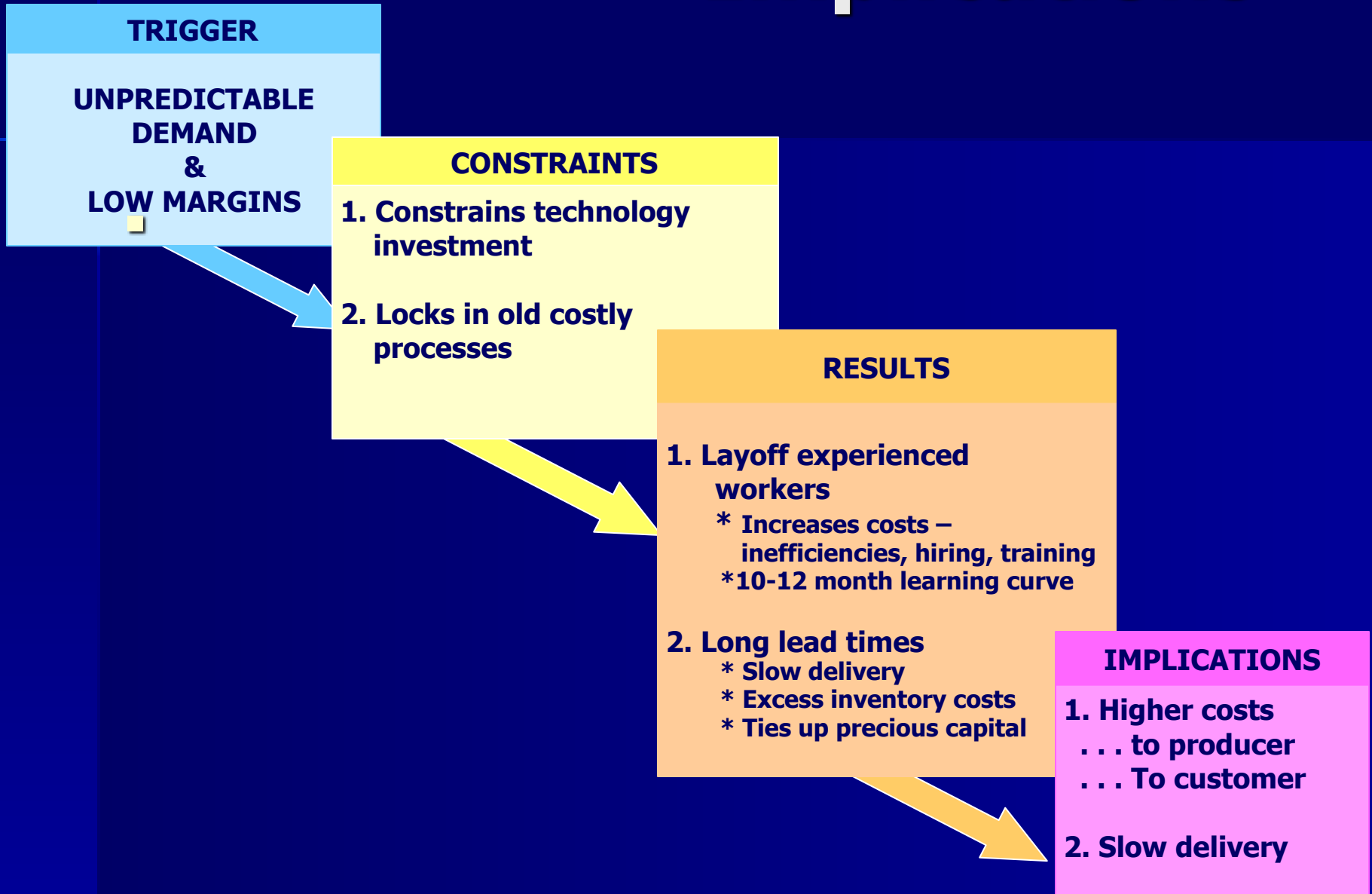


<sup>1</sup> Stated in Thousands

Equipment

Plant

# Implications





# Potential?

- Example: 1 value stream in 1 facility
  - In 2 years:
    - Capacity (units) more than doubled
    - Capacity (square feet) reduced to 69%
  - Reduced Days Supply of Inventory (DSI) from 125 to 61
  - Order to Invoice time fell from 21 to 5 days
  - One year improvement of 17% in sales per employee

# Problems?

- Typical change management issues
  - Communications
  - Performance measurement
  - Managing expectations
  - Ensuring security
- Other potential barriers
  - Technology constraints
  - Funding
  - Timing

# Research Potential – Supply Chain

- Document problems, barriers, implementation and results
  - Ideal supply chain
    - Well-defined
    - Critical

# Research Implications

- Customer
  - Results of the study impact other Defense supply chains
- Supply Chain
  - Better communications and awareness
  - Identify potential barriers
  - Identification and development of the best metrics to track progress and impact of changes

# Baseline Research

- During this slow period, we can
  - Baseline metrics
  - Identify potential barriers
  - Quantify holding capital
- This initial phase could inform actual implementation



# Questions and Discussion?

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