

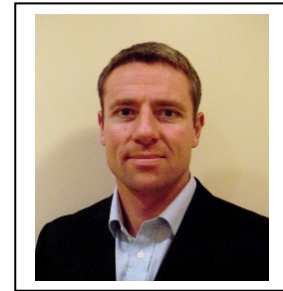
Case-study of Competitive Manufacturing

Iplex Pipelines NZ Ltd, Palmerston North, July 2010



Craig Mangos, General Manager

“CM has made a significant difference to how we look at issues and opportunities across the business. CM has set us on the continuous improvement pathway, the new culture has been vested in the fabric of our operation and we look forward to sustaining ongoing benefits for the business, our staff and our customers.”



Where Iplex started from

With demand reducing, Iplex undertook necessary measures to realign resources and reduce cost, however further fundamental change was needed to help offset the effects of the external market forces. The Iplex business had been a solid performer for many years, however the risk in continuing to accept its performance as *good*, could well also have become the barrier to achieving *great*. As the business considered its plans for the future, one thing was clear there should always be expectation for *better!*

Starting in November 2008, Iplex staff embarked on an 18 month journey. Training engaged 77 staff members, with 123 National certificates at a 100% completion rate during the 18 months. The main challenges the teams tackled along the way were:

- Creating a competitive manufacturing culture
- Increasing the delivery of orders in full and on time, achieving a continuous flow
- Increasing quality of products by doing things right first time
- Minimising cost by eliminating waste and improving material usage

What Iplex has achieved

After 18 months of supported CM training and improvement activities Iplex have achieved the following impressive results:

- Picking accuracy improved from 158 to 54 errors per million; or 5.37 on the sigma rating scale
- Delivery on time in full to customers has improved from a recorded low of 82% to consistently exceeding 96%
- Positive material gains for 11 out of the last 12 months of production – reduced raw material usage over ‘standard’ weight.
- Consistent improvement in stock turns
- Avoidable scrap levels reduced by 20% despite shorter manufacturing run lengths
- Internal manufacturing OTIF improved from 71% to 91% in four months

July 2010



Competitive Manufacturing Initiative Case-study #5 Iplex NZ

It is difficult to quantify the ROI directly attributable to CM measures, however the financial benefit in improved material gains alone over the past 12 months have exceeded the total CM investment cost. It is acknowledged that ITO credit subsidies against the cost of the CM coach significantly reduced the investment commitment.

Integrating all improvements to deliver internal and external results simultaneously

Iplex has achieved both an improved DIFOT to customers while improving stock turns within the business. This can only be achieved by effective teamwork and establishing a competitive manufacturing culture. By all staff focusing attention to detail, the flow of information and product has resulted in a fine exemplar of what can be achieved.

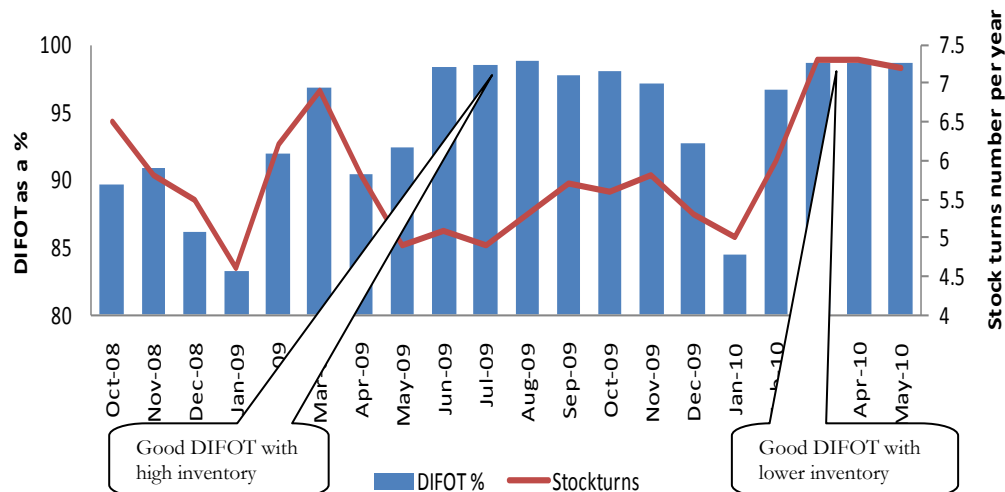


Figure 1: Correlation of DIFOT and Stock turns

Transforming culture one step at a time

Iplex set itself a goal of seeing the “working smarter not harder” motto becoming reality and achieving engagement in the business through CM. A complete set of 5S audits were developed by the teams that gave both photos and descriptions of what the standards are. Staff use this to check and improve their performances.

A Personal Journey of Learning

Paul Soeberg, Yard Manager

“CM has tweaked our processes, making us aware of some gaps and how to close them. Our 5S is the base philosophy we use to improve everything. That is a new way to think.”

Duncan Bartleet, Manufacturing Manager

“We have always had systems and procedures in place to support our manufacturing process, however with the introduction of CM into our operation, these systems have been more formally recognised by staff. By using CM tools we have been able to identify areas that could be improved and demonstrate to staff the advantages of implementing them.”

Eric van der Kaay, Assistant Manufacturing Manager.

“Since we have started the journey there has been a significant shift in how we behave. Through constant work and learning we now all have the belief we can do better and that has been the most important change that has occurred.”

For more information, go to Competitive Manufacturing Initiative website at;

www.cmi.org.nz contact greg@spirals.co.nz