

Case-study of Competitive Manufacturing

ABNote NZ Limited, Christchurch, August 2010



Stephen Morgan, Plant Manager

“The ultimate accolade was when the CEO of ABnote visited with the senior managers and declared that we now were the benchmark site in the world and the rest of the ABnote Group must follow. Then I knew we were on the right road to become a truly Competitive Manufacturer.”



Where ABnote NZ started from

At ABnote NZ the benchmark indicators for quality, cost and delivery for their product were down on what the company expected of themselves. Site management reviewed its options and decided that introducing Competitive Manufacturing (CM) would benefit the business, customers and staff.

Starting in 2009 ABnote NZ operational and management staff embarked on an 18 months journey. Training engaged 104 staff members, with 81 National certificates during the 18 months. The main challenges the team tackled along the way were:

- 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 cycle times
- Overall equipment effectiveness

What ABnote NZ has achieved

After 12 months and investing 26,782 hours in CM training, coaching and improvement activities they have achieved following impressive results:

- Overall, internal plan attainment moved from 80 to 96%,
- Delivery on time in full to customers almost doubled from 51 to 97%,
- Process waste dropped from 34 to 19.5%,
- Customer complaints measured as non-conformances dropped by 50% on average,
- Reduction of waste averaged 80% and 50% on the offsetting process

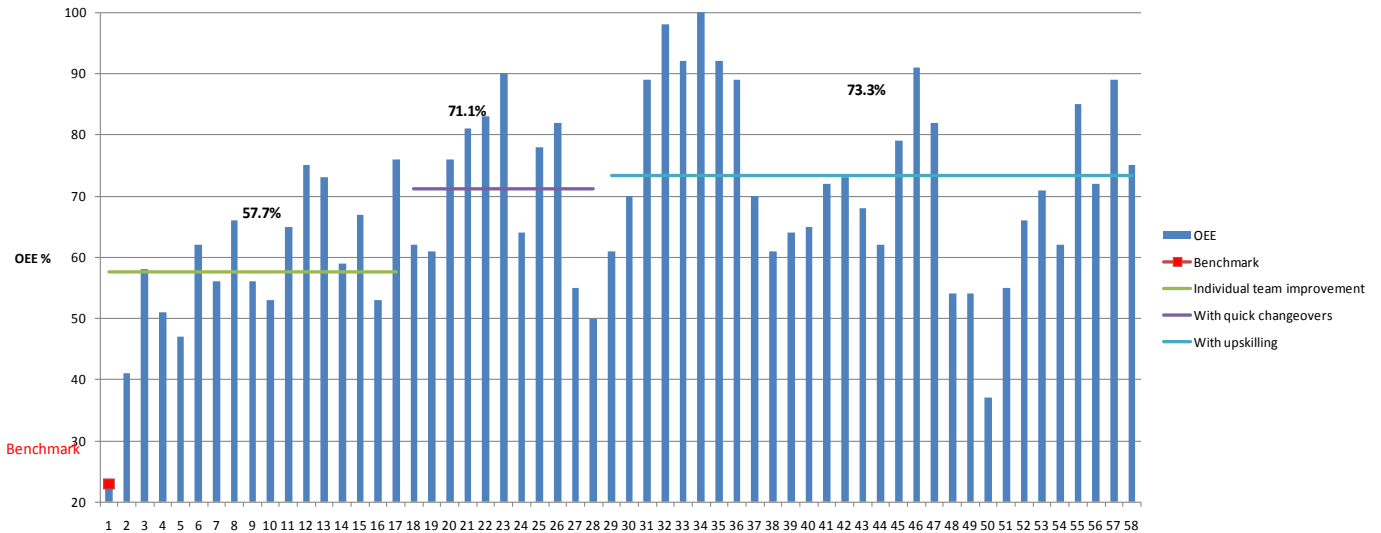
Due to measuring and reducing product waste alone, in the first 11 months the program paid for itself for the entire 18-month first stage.

Competitive Manufacturing and the qualifications achieved by the staff resulted in a Return on ABnote’s investment (ROI) of 5:1 in the first year. This ratio is likely to improve during the second year as the cumulative efforts compound while the investment decreases.

Case-study #4 ABNote NZ

Integrating all improvement into one non financial measure

Overall Equipment Effectiveness is an elusive, difficult and not often attempted measure for improvement. Their cumulative efforts improved OEE by 53 percentage points from 23 to 73.3%



Overall equipment effectiveness for all production centres, from Jan 2009 to Feb 2010, in weekly intervals.

Skills upgrade program

With the competitive manufacturing training taking effect, a skills shortage in some areas of production (offset printing) became apparent. Previously these skill issues existed but were hidden under a layer of overtime and waste. After chipping off all the obvious problems through focussing on wastage and OEE, management realised it was time to address trades skill levels. The issue was addressed by putting into place a mentoring system transferring skills from senior Master Printers to their younger colleagues. The programme brought about: consistency in quality, improved coverage, and further efficiency gains.

A Personal Journey of Learning

Glenda Allott, Human Resources Manager

I have never worked for any organisation that has had the opportunity for every employee to be coached and guided to setting their departmental goals, managing their processes in achieving these goals and gaining unit standards along the way. These goals were all aligned to the company objectives, and as such lead to a huge improvement in the company's bottom line.

Nadine Lewis and Vicky Boles, Order Management Co-ordinators

"CM gave our team clout as we could clearly show where the root cause of the problem and frustration arose from. This was the most welcomed relief from finger pointing to working the problem through process together."

Dougal Monteath, Team Leader.

"To know what we are doing we had to capture accurate good data. If we wanted to solve our problems, we had to measure. We needed a simple method otherwise, no one would use it"

COMPETITIVE MANUFACTURING CASE STUDY INFORMATION

The full length case study is available at the Competitive Manufacturing web site at www.cmi.org.nz