

Productivity Conference in NZ

Manufacturers productivity conference held in Auckland, New Zealand in May attracted many attendees from a wide variety of industries including: kitchens, cabinets, shop fitters, furniture, joinery, sheet metal and engineering. The conference focus was for all speakers, who were all production managers, to open their books and show their production figures, productivity gains and successes. Attendees were at times literally stunned to see the figures relating to productivity gains achieved by the speakers.

The leading speaker **Andrew Gillanders** from **Phoenix Aluminium Windows**, spoke openly on his company's achievements. Here are the main points of his presentation.

- Phoenix Aluminium was one of the pioneers in the aluminium window industry in putting PCs on the factory floor and using time tracking software in 1998.
 - Phoenix competes directly with 98 other window manufacturers of 11 different brands within the Auckland region. So competition is fierce.
 - Since 1998 Phoenix has grown in sales from \$3 million to \$13 million, and has recently built a new window manufacturing facility in Albany at a cost of \$5 million.
 - Now the entire N.Z. window manufacturing industry have access to PCs on the factory floor and time tracking software. This system is now standard in our industry and is a necessity to remain in business and be highly competitive.
- Productivity gains solely from PCs on factory floor and time tracking software:

- Within 12 months of using time tracking software factory staff levels of 24 were reduced to 17 – saving \$250,000 a year in wage costs [production levels were maintained].
- Within 36 months factory staff levels were reduced from the 24 to 11 – saving \$470,000 each year in wage costs [production levels were maintained].
- One recent example of how time tracking works is one factory staff member went from 60% productive one month, to 100% the next month, to 120% the next month. Within three months the same staff member, doing the same job, doubled his output. Time tracking works as individual staff are all fully aware, fully accountable, and as a result then fully produce.

Jon Martin the managing director and one of the owners of Phoenix Aluminium stated, "if you continue to manufacture any product in New Zealand without time tracking software you have rocks in your head. And anyone wishing to discuss this is welcome to call me."

'Empower Software' advises that their time tracking and job scheduling software will be available to Australian aluminium window manufacturers by June end 2007. The system links directly to **Alexsys, Woodman** and other leading window costing and quoting programs.

David Lawrence, production manager of **Modulink Kitchens and Joinery** in Christchurch confirmed that he has used PCs on the factory floor and time tracking software in three joinery manufacturing companies over the last 12



Phoenix Aluminium \$5 million manufacturing plant.

years. Initially **Criterion Manufacturing**, with 300 staff, commenced development of their own time tracking software "in house" in 1995.

Asset Kitchens implemented 'Empower' time tracking software in 2001, and **Modulink Kitchens** implemented 'Empower' time tracking in 2002.

David summarised by stating that time tracking software brings total control to the factory floors and increases to weekly productivity has been substantial in all three joinery manufacturers he has worked for. At Asset Kitchens factory staff were reduced from 13 to 8 - whilst maintaining weekly output - saving \$175,000 each year in wage costs.

Labour is manufacturers largest and most variable cost – manufacturers need a professional productivity tool to properly manage labour to maximise productivity. Time tracking software is quick and simple to put in and use - and the investment required is relatively small.

Paul Entwisle owner of **Forest Furniture** is growing his business exponentially. He has just opened his third retail outlet to market and distribute his product. This is at a time when many NZ solid wood furniture manufacturers have gone broke and possibly more to

follow considering substantial increases of furniture imported from Asia. Paul invested in PCs on the factory floor and 'Empower' time tracking software in 2003. Within two years Paul achieved a 20% increase in staff output and factory productivity. When Paul won **Waikato Business of the Year** in 2005 the judges **Deloitte's**, one of the big six worldwide accounting firms, were impressed with the PCs on the factory floor his 'Empower' time tracking software. Paul summarised by saying he certainly would not be without time tracking software and reporting in his factory.

Two common messages from attendees at the end of the conference was:

- In manufacturing "time is money" – particularly when productivity software can save \$470,000 a year in wage costs from a 24 man factory.
- Productivity software must certainly be the key to manufacturers, and manufacturers associations, in ensuring they remain in business and able to compete with increasing Asian imports.

Editor's Note: Time tracking software to increase staff output and factory productivity will feature in the 2007 Cabinetmaking Innovations Seminar on October 12 in Melbourne). -S-