

Nothing great was ever achieved without enthusiasm.

– William Wrigley Jr., Wrigley Chewing Gum

CASE STUDY

Productivity up, sales up, annual profit up

This article explains how, for Express Sheet Metals, second hand PCs on the factory floor and time tracking and labour management software has, in two and a half years, resulted in jobs being completed more than twenty five per cent quicker.

Labour costs per job have been reducing accordingly, leading to sales and business increasing four - fold and annual profit increasing substantially.

Michael Arcari and Gaspar Lalovich are shareholders and directors of Express Sheet Metal in Otahuhu, Auckland.

Michael and Gaspar say that “two and a half years ago they were a small ten man business with eight on the factory floor and two in the office manufacturing ducting, mainly to order. Business growth was slow and they struggled from job to job.

“With hindsight” Michael said. “we were far from productive on the factory floor. The times that factory staff recorded on their jobs were woefully inaccurate so we could not use these times in our costing of new quotations – and our budgeted times in new quotes were too high and basically, guesswork.”

Two and a half years ago their business advisor told them he had witnessed Finewood Furniture, an Auckland based manufacturing business, invest in second hand PCs on the factory floor and inexpensive labour management software that assigned jobs to the factory floor with budgeted times per job. The software then time tracked every staff member on every job as it occurred live.

For Finewood, their factory staff productivity and daily production increased in excess of thirty percent within a few months. Michael and Gaspar both visited the site and viewed staff using PCs as they worked on the factory floor and saw how the system could be applied simply and would work for their company.

Hence, second hand PCs on the factory floor with time tracking software has made a substantial improvement to their entire business operation:

- Labour times on jobs are now on average conservatively 25 percent less. Staff now view on the factory PCs the times they have been allocated to complete each job at the start of the job and they also see the times in which they actually complete the job as they finish each job.
- In the majority of cases, factory staff bring their jobs in on budgeted time or better. The culture on the factory floor has



Express Sheetmetals Stock pipe.

been totally transformed. Factory staff are motivated to bring their jobs in on time and the rest of the factory staff team encourage each other to meet and beat their times on jobs as well.

- There are now accurate actual times recorded on every job, invaluable for costing and quoting jobs with confidence. The company has been able to maintain the profit margin but bring down the budgeted labour hours and labour cost and quoted price. This has made them a lot more competitive in the market place, which has directly lead to business quadrupling over the last two and a half years.
- Jobs quoted to clients, when completed in less time, are charge to clients at less than the price quoted. This has been very well received by clients.
- All office management and administration staff, including the owners, log onto pre production processes for each job. Office management and administration staff have budgeted times for pre production processes and all actual times are seen as each job is finished. This has made all staff in the office a lot more time focused and productive.
- When a client phones to ask the status and estimated completion of their project there is no need to find and disrupt the production manager. Anyone in management and administration, including reception, simply view job status on Empower and advise clients with accuracy where their job is currently at.
- With confidence in staff completing jobs on budget,

Express Sheetmetals have been able to invest a substantial amount in six new machines from Europe, to build a second division to the business and to move into a large new premise.

- A bonus system has been introduced for factory staff which drives daily production and factory productivity.
- Two and a half years ago Express Sheetmetals was in one small factory. Recently they leased a second factory up the road which has already been outgrown. They are now looking at leasing a much larger premise to cope with all new staff and machines.
- They have set up an industry first by making ducting product available off the shelf. Clients can come in and grab all the parts they require in a “drive through” way. Clients also have the significant benefit of a pricelist for all parts rather than having to request and wait for quotes.
- The new machinery has allowed the product range to be extended into heavy wall corrugated galvanised steel piping for industry and pre-insulated ventilation ducting for residential and commercial construction. Express has the only stitch welding machine in New Zealand for ducting and is one of two manufacturers in New Zealand with machines for manufacturing ovalised spiral ducting. The corrugated galvanised piping range is from 300mm to 2.0 metres diameter and 2.5mm wall thickness, which is used in volume by the construction and agricultural industries, with 50 year warranty. The residential and commercial insulation ducting ranges from 100mm to 500mm.

They are committed to a large stock holding of items for both ranges.

- Stock warehousing has been established in Otahuhu and Hamilton and plans are underway to extend nationally into Whangerei, Tauranga, Wellington and Christchurch.
- Earlier in 2011 the company formed exclusive supply arrangements with two large national retail chains which generate very good volume.
- They won the ASB north wharf contract from Fletcher Construction and Hastie NZ, a large project over twelve months involving 10 men in the factory and 20 men on site. All ducting is fully exposed as an architectural feature so product was meticulously fabricated and fitted on site. The full fabrication and install service is provided as a “one stop shop” which is what Fletchers and Hastie required – as they did not want to deal with two separate suppliers and attempt to oversee and manage their delivery performance, quality and respective guarantees.

Growth in business has caused Michael and Gaspar a lot of challenges. One of the hardest being finding experienced tradesmen and production management to assist with the projects and volumes of orders taken on. “We have certainly witnessed the value of good labour management software. We currently “have a tiger by the tail” with our business growth and to help us cope with the “tiger” we will invest in integrated costing and quoting software and job scheduling software – which will take our systems and business to the next level.