

CASE STUDY – Central Steel Build

"THE BEST THING WE EVER DID FOR THE BUSINESS"



A CASE STUDY ON LEAN MANUFACTURING

The challenges for Central Steel Build

For steel frame manufacturing company, Central Steel Build, implementing a 12-month Lean transformation program with Vative contributed to an unprecedented 83% increase to an emerging arm of its business.

Central Steel Build General Manager, Gerald Edmonds, says the company was fairly entrenched in the market of buying and selling domestic garages, but wanted to improve its market share for the fabrication (design and construction) of industrial and rural building projects. However, as a fairly young business owner, Edmonds says his workshop in Kyneton, Victoria faced challenges with inefficiencies, with profitability being sacrificed due to several waste factors.

"We were recommended to Vative by a friend, and it was the best thing we ever did for the business," says Edmonds. "We realised that a lot of areas in the business needed improving; we were putting out 'spot fires' fairly regularly with the minimal systems we had established. When I was explained the idea behind Vative

and its Lean business program, it sounded exactly like what we needed in the way of setting up systems. We needed someone to come in, roll up their sleeves and have a look at us from a bird's eye point of view."

Edmonds says when a Vative business consultant arrived on site and introduced himself and his objectives, that's when he realised they were 'on the right track' to making massive improvements.

"Vative showed us value stream mapping, and identified all the areas where our bottlenecks were." After completing a Lean business health check, Central Steel Build was taught how to apply the 5S methodology (Sort, Set, Shine, Standardise, Sustain) to maintain a tidy and functioning workplace. "They set up a series of systems for every business operation, from quoting right through to delivery on site. It was about systemising every process," says Edmonds.

"More than a year on, we still improve on those systems. Every week and month we will put more improvements in place, but the main 'guts' of it was done when Vative were here in the workshop."

Record results

Within a year of partnering with Vative, Central Steel Build was able to cut two weeks off a standard eight-week lead time for each fabrication project and reduce errors made in the factory by approximately 50%.

"However the result that we're most proud of is an incredible 83% increase in the fabrication side of

OVERVIEW

INDUSTRY

Manufacturing

CLIENT PROFILE

Established in 1975, Central Steel Build is a family owned steel building manufacturer, based in Kyneton, Victoria. Central Steel Build specialise in all types of custom made steel shed designs such as home sheds, commercial sheds, agricultural sheds, sheds for sporting, aircraft hangars and more.

BUSINESS SITUATION

Central Steel build wanted to improve its market share for the fabrication (design and construction) of industrial and rural building projects. However, they were suffering from inefficiencies, with profitability being sacrificed due to several waste factors.

SOLUTION

A 12 month Lean program, with a primary focus on cost reduction, projects and 5S:

- Introduction of quality control systems
- Reduce waste and improve lead time
- Reduce quotation time, eliminate double handling and manual data entry
- Introduce business performance indicator system and create results-based monthly reports
- Create more effective marketing tools

OUTCOMES

- 83% increase (\$1.8 million) in fabrication arm of business within one year
- 50% reduction in errors made in factory
- 2 weeks eliminated off a standard 8 week lead time per manufacturing project
- Reduced sales and admin processing time
- Enhanced staff engagement through continuous improvement
- Improved visual management (planning board, material storage area)



VATIVE

Vative achieves significant business improvement for clients through solutions which are simple, realistic and highly effective. Providing consultancy and training services, Vative's 45-strong team includes Lean and Six Sigma excellence coaches with extensive business management, academic, engineering and trade backgrounds.

our business, which was previously around only half of what we offered in the market. The dollar value of that improvement is around a \$1.8 million increase in a year, which was absolutely huge for us. I could attribute the bulk of that increase to the work we did with Vative."

With such business growth came a strategic increase in staff, growing from 10 to 16 in about 18 months. Edmonds says learning Vative's processes that enabled each staff member to work at maximum efficiency was another indication of how much wastage had occurred prior to Vative coming on board. "We realised we only needed to put on four extra staff to accommodate that 83% growth, so that was another reminder of how much wastage was occurring - in terms of staff efficiency - before applying 5S."

He says it was easy to justify the investment to implement Vative's business improvement strategies over the 12-month program. "From a return on investment perspective, when we consider time versus savings, it's a no brainer."

Hands on expertise

What most impressed Central Steel Build about Vative was its combination of theory and practical applications, plus a personal approach at every stage. "We've all done the business training courses that have a strong theoretical component, but the biggest advantage with Vative was that they rolled up their sleeves and got out in the workshop to help us implement

new working strategies," says Edmonds. "Our consultant didn't just give us the theory and the formulas, he spent half his time out on the factory floor, nutting out new ideas."

Vative's focus on optimal safety helped Central Steel Build continue the progress made since an independent Occupational Health and Safety (OH&S) auditor had previously assessed the workplace.

"We found that Lean and OH&S go hand in hand, but Vative really complemented what we'd already learnt by offering the innovation factor. We've never had a reportable injury in our business, but every week when we have our 5S meeting, we make sure to raise any 'near misses' or concerns to ensure it remains under control."

Continual learning

Edmonds says his employees have demonstrated a keen commitment to ensuring Vative's 5S efficient workplace systems remain effective. "Both our workshop and office staff have really taken everything on board, they enjoy sticking to their procedures and referring to the effective checklists every day. The team is often coming up with their own innovative ideas about quicker ways to do things or suggestions to eliminate waste - it's excellent."

Central Steel Build has committed to an additional 18-month program with Vative. "We're now dedicated to continuous improvement as we want to keep the ball rolling," says Edmonds.

Gerald Edmonds General Manager Central Steel Build

"The result that we're most proud of is an incredible 83% increase in the fabrication side of our business, which was previously around only half of what we offered in the market. The dollar value of that improvement is around a \$1.8 million increase in a year, which was absolutely huge for us. I could attribute the bulk of that increase to the work we did with Vative."