

Message from the MD



With the onset of 2013 and the festive season upon us, the summer break is always a time when we can sit back and reflect on the past year...our challenges, our successes and the journey undertaken.

2012 was a year of constant change and evolution for the team at Vative. Our reputation in the market place saw a continuation in the growth in our business...not only in terms of turnover growth but just as importantly, our ability to bring to market new and innovative products and services to meet the ever changing needs of the marketplace. The acceptance of Lean and Six-Sigma in the market place continued to grow and Vative were able to leverage off our reputation as benchmark providers of Lean and Six-Sigma Product and Services to forge new and long term relationships with clients in industries beyond traditional manufacturing and supply chain industries.

Industry sectors that Vative have expanded into on the back of our reputation as market leaders in Lean and Six-Sigma programs, products and services include clients in:

- ✓ Construction and Infrastructure
- ✓ Renewable Energies
- ✓ Government Services
- ✓ Finance
- ✓ Health Care

The growth in our business also needed to be supported with an ever changing and expanding suite of products and services. Over the past 12 months, our orientation to product development and innovation saw us launch 3 new divisions to our business:


- ✓ Inspire Leadership: providing the market with a cutting edge approach to Leadership, Team Empowerment and Unity and management for progressive business in the modern marketplace. Key elements include identification and development of Organisational Purpose and Vision, behavioural profiling of employees, creating environments and relationship that will foster the development and alignment of employees in line with the overall business vision and purpose.
- ✓ Lean This Way: a dedicated division designed specifically for the Health care industry and employing Lean and Six-Sigma masters skilled and experienced in Health Care and the unique challenges of Change Management within the Health Care industry
- ✓ Vative Charity: a partnership-based "ecosystem" that enables the global business community to work collaboratively with Vative on the creation of new applications and services to advance the way the business community "adds value" to societies and the people within.
- ✓ Lean Customer Relationship Management (CRM) Software Solutions: Vative will soon launch into the market a web-based CRM designed and incorporating Lean principles to enable users to develop leads and business networks in a streamlined manner free of the complexities and difficulties with traditional CRM software

These new divisions, coupled with our existing suite of products and services will enable Vative to continue to be the benchmark provider of business optimisation solutions that are critical for businesses to embrace in order for them to play a part and be relevant in the current and future business environment.

Finally, I would like to wish all our clients, business partners, colleague's family and friends a safe and happy festive period and all the very best to you and your families in 2013.

Looking forward to continued and mutually beneficial relationships in 2013.

Sincerely



Steven Farrugia
Managing Director



Inspire Leadership

Lean Six Sigma Society of Professionals

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The Power of Lean – A Case Study in Lean Implementation



BLACK DUCK CANVAS PRODUCTS is a family owned and operated Australian business in the design and manufacture of quality canvas products for over 25 years.

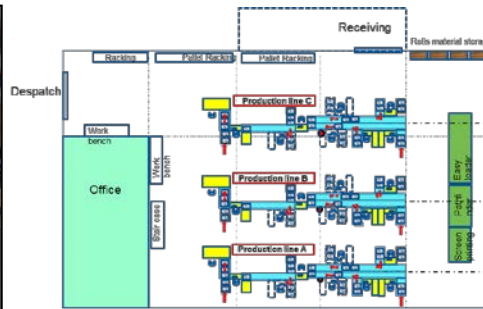
Black Duck engaged Vative to assist in developing their new “Green Field” site in Wangaratta Victoria by applying Lean Methodology and Tools to achieve “Best Practice” production and operational processes. Increasing product demand and market growth required extra capacity and a new manufacturing location to be installed. A collaborative and cross-functional approach was applied between Vative Lean Masters and members of Black Duck operational staff and management in both Wangaratta and the existing Perth facility.

The Methodology adopted to establish best practice processes for the new Wangaratta facility was;

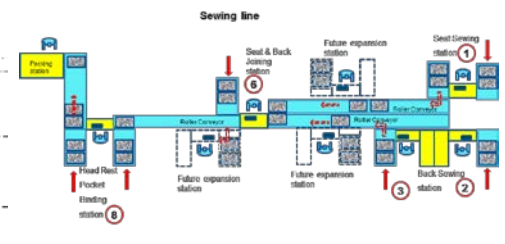
- ✓ Observe and document “current state” processes and operations at the company’s existing Perth facility. Identify inefficiencies, blocks to flow and other waste areas
- ✓ Develop a current state Value Stream Map, analyse and measure process times, inventories, quality levels and calculate overall process lead times
- ✓ Workshop the current Value stream map and develop a “future state” Value Stream Design based on best practice Lean methodology
- ✓ Develop a green field factory layout incorporating process/material/information flow based on the Value Stream Design
- ✓ Identify resources and project teams, develop project charters and deliverables for discrete projects and their implementation



Black Duck current operations in WA



Layout of new production facility



Detail Layout of Production Line

Examples of waste identified through VSM/VSD and Waste walk activities;

- ✓ No FIFO in production system resulting in significant amounts of Work In Progress
- ✓ Over-reliant on key operators to know what to make and how to make products...high variation in quality levels
- ✓ Existing factory layout does not allow for “single-piece flow”. Standard batch sizes not used to promote “flow”
- ✓ Large amounts of double/triple materials handling; long travel distances between operations
- ✓ Operators carrying batches of WIP between work stations,
- ✓ No visibility of job status,(which job is where and status); no visual management to facilitate capacity planning
- ✓ Limited multi skilling, only few operators skilled in some specific tasks and no work instructions or SOP's

Major Outcomes from Value Stream Design and Process Improvement initiatives:

- ✓ Introduction of Standard Batch Size (20 pieces) and Single Piece Flow (batches of 20 pieces).
- ✓ Elimination of WIP between workstations
- ✓ Introduction of Internal Pull Systems to trigger replenishment of stock only once stock has been consumed
- ✓ Introduction of work instructions sheets (SOP's) to control quality level, process output and manufacturing costs.
- ✓ Introduction of Conveyor systems and tote bins to move batches between work stations The Totes represent the Kanban batch size.

The new manufacturing process will allow the Wangaratta facility to manufacture fast moving product lines, which contribute to 90 % of the company’s sales turnover. Production capacity for a single production line will increase by approximately 30- 40% over the existing process in the Perth facility, and when operating all 3 lines, capacity will increase by approximately 150%

The Power of Lean – A Case Study in Lean Logistics Implementation

SPOTLIGHT

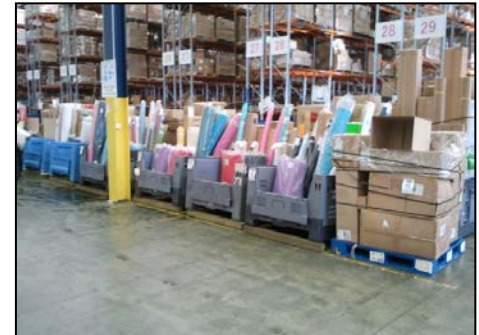
ANACONDA
the adventure starts here

Vative Certified Lean Training Programs have brought about significant operational improvements throughout Spotlight and Anaconda warehouse operations. Over the last 12 month Spotlight has undergone some major changes in their operations, i.e. the introduction of a new Warehouse Management System and the integration of Anaconda warehouse. 26 Full time employees participated in the Vative Lean Logistics Certified Training program. As part of this program a number of formal project teams implemented major lean improvement projects centred on 5S, warehouse material flow and the introduction of standardised processes.



Project 1; The Introduction of Cross Dock operations;

Previously, Spotlight contracted 3PL providers, who would process orders previously picked at Spotlight Warehouses into state and then store locations. The objective of this project was to all picking, sorting and routing in house to better control of the overall “dock to dock” quality, delivery and cost, reduce lead time to retail stores, improve throughput capacity, reduce overall warehouse handling cost, eliminate cost of transportation to 3PL sites, reduce double handling and associated risk of damage to goods. This resulted in an overall saving of \$60k/ week in operational cost.



Project 2 ; Material Handling and Picking Process Rationalisation:

Previously, Spotlight warehouse pickers needed to travel long distances to pick up empty pallets. This would be required for every pick-run and multiple times over the course of the working shift. Compounding this problem, Picking Fork Lifts were located on the other side of the warehouse, opposite where empty pallets were stored. This required pickers to travel the entire length of the warehouse empty and after collecting empty pallets, the pickers would travel back to start of pick path, as much as 300 meters of FL travel before the first pick was made. Consolidated labour savings in terms of total pick hours over 1 year pickers took approximately 3 min/trip to pick up empty pallet across the warehouse, for each picking slip. The Solution was to introduce 3 centrally located automated pallet storage modules to store empty pallets. Consolidated labour savings in terms of total pick hours for Picking Crew, across all shifts, over 1 year resulted in a labour cost saving of approximately \$650,000/year.

Project 3: Consumables/Inventory Management:

Project aim was to introduce a centralised 2 bin Kanban replenishment system for consumables (i.e. cardboard materials, packing materials, labels etc). Currently Spotlight holds on average 4 -6 weeks of packaging materials in stock, this is stored in different locations across the warehouse. Outcome was the management of inventory to pre-determined quantities (min/max) through Kanban, eliminate the risk of “stock-outs”, reduces cost of holding inventory, time spent by operators “looking/finding” packing material. Savings equated to approximately \$500k/year.

As the Holiday Season approaches we find ourselves reflecting on the past year and on those who have helped to shape our business in a most significant way. We value our relationship with you and look forward to working with you in the year to come.

From ever member of the Vative team we wish you a very happy Holiday Season and a New Year filled with peace and prosperity.



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