

# AustChrome showcases Mackay manufacturing

Mackay-based AustChrome, with the help of QMI Solutions, transformed its factory into a showcase, reduced job turnaround times from over 30 to 17 days and increased production volumes by 50%.

However, AustChrome's transformation didn't happen overnight. Established in 1995 as part of the Sime Darby Group, AustChrome started as a hydraulic cylinder maintenance company, servicing heavy equipment, predominantly in the mining industry.

In 2006, management recognised the huge potential of the company and was determined to bring it to the level they knew it could achieve.

Initial analysis revealed the factory was running at full capacity and unable to take on any additional work, with job turnaround times up to 43 days, which was totally non-commercial. There was little control of jobs on the floor, huge inefficiencies and low margins.

In 2006, AustChrome brought in QMI Solutions to conduct a detailed analysis of the business using the Manufacturing Microscope diagnostic tool. It highlighted that AustChrome's efforts were being directed to 'fire fighting' problems on the shop floor instead of best practices and continuous improvement.

Over the following years, it was a combination of employee training, a factory layout analysis and an additional diagnostic tool that kept the company on track.

Management could see value in the recommendations from the initial diagnostic and identified that more floor space was needed to accommodate growth and the way forward had to be reassessed.

The existing factory workshop had no defined layout or process flow. It was a spaghetti map of job flows. Machines were placed where there was room, not where they best suited the work flow.



The company went back to the drawing board to develop a better factory layout and sent factory staff on QMI Solutions' ProEdge training programs to ensure they could play a part in designing the new factory layout.

They received input at the early stages from staff working on the floor and got QMI Solutions involved with Value Stream Mapping (VSM) for the production on the factory floor.

Once the new factory layouts were designed, they were fine-tuned with the assistance of those who were going to work most closely with the new system. There was a high level of 'ownership' which led to high levels of employee morale.

AustChrome still uses small work groups for trouble-shooting and problem solving, which leads to greater efficiency on the floor.

Once the new layouts and processes were implemented, the company went from strength to strength and, with planning help from QMI, spent \$3 million on new workshop facilities and another \$3 million on new equipment over an 18 month period from mid-2007.

AustChrome Manager Jeff White said all this progress has involved a major commitment in time and investment from AustChrome's management and staff but it has definitely been worth it.

"AustChrome has seen an almost 50% increase in volume which has led to over 20% increase in margins. Most tellingly, job turnaround time has dropped from an average of mid-30 days to between 15 and 17 days – and we're aiming to reduce that even further" White said.



Business growth has allowed AustChrome to employ another nine staff, taking the workforce to 74 including a number of apprentices. Because of greater capacity, AustChrome has also been able to commit more resources to training and participating in apprentice training programs.

The new factory is now a showcase for AustChrome and, with practices and techniques learnt from QMI Solutions, the old workshop mirrors the standards of the new one.

QMI Solutions' CEO Jim Walker said AustChrome had worked extremely hard to get to this level.

"AustChrome's work practices are constantly being honed and refined and management consults regularly with staff at all levels" said Walker.

"They regularly engage with QMI Solutions to ensure they are up-to-date with regard to performance improvement models and the latest technology to help streamline their processes."

Although AustChrome's primary customer base in the central Queensland mining industry, international and Pacific region markets are being targeted.

With the help of QMI, AustChrome has created the capacity to be more active in expanding markets locally and overseas.

AustChrome received a Queensland Government subsidy for QMI Solutions to deliver its improvement program. The program is available to Queensland manufacturers and assists in the creation of jobs and sustainability in the areas of skilling, performance and innovation, and capability.

For more information or advice, please contact

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