

Texmaco Textiles

Hands on training for change

Texmaco Group is a leading Indonesian industrial group with business interests in rapidly growing business sectors like chemicals and fibers, textiles, and engineering. The Group's growth strategy has centered around vertical integration and expansion from its strong business bases. The Textile division is a vertically integrated polyester manufacturer in Indonesia and one of the largest in the world.

Texmaco had a number of major initiatives both in progress and planned, including ERP implementation and an upgraded ISO certification, but they wanted to ensure both preparedness and

"The Renoir methodology helped TEXTMACO achieve considerable operational and financial benefits, and more importantly from many senior managers point of view, enabled the organisation to change the behaviour of its employees, increasing the managerial professionalism of its staff, and providing a valuable tool in the form of a continuous improvement team to aid in future initiatives."

Key Results

\$4.6 million annual savings

5.6:1 ROI

Over 3000 people received hands on training

Significant culture change

ANALYSIS

Renoir carried out an initial 3 week Analysis of the business and found five main areas of improvement:

- Improvement in throughput
- Improvement in quality
- Reduction in waste
- Reduction in the cost of packing materials
- Manpower and Productivity cost avoidance

The Issues:

As textiles are a commodity product with low margins, it was extremely important to maximize the utilization and efficiency of existing capacity. There was a lack of clear focus on efficiency and utilization, resulting in excessive losses. There was also excessive waste being generated due to a lack of awareness of the cost implications of waste and inadequate control over response times to yarn breaks throughout the process.

There was little understanding of which products were the most profitable, resulting in poor prioritization of addressing quality issues. In addition to this there was no transparent and consistent system for addressing quality issues across the plant.

There was insufficient focus on re-using expensive packaging material (especially on inter-plant transfers) as well as a lack of innovative thinking about re-designing packaging to reduce costs.

A lack of clear information resulted in excessive stock levels, excessive holding costs, significant amounts of slow or non moving material and lack of a clear vendor assessment procedure.

Maintenance activities were largely geared to reacting to breakdowns with little evidence of a systematic plant wide preventative maintenance program. A fragmented maintenance department resulted in poor control of mechanics and technicians. The company was in the process of adopting an ERP maintenance module and needed to ensure that the recording systems were standardized and comprehensive.

The company was using excessive amounts of power for its production

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processes resulting in extra cost. Power consumption was widely regarded as merely a technical issue.

There was excessive manpower in many areas of the company. To mitigate the effect of a government mandated minimum wage increase, the company wished to restructure its operating shifts to minimize overtime payments and reduce the working week from 48 hours to 40 hours. There was no clear structured or methodical idea as to how to tackle this issue.

Finally, there was a lack of knowledge regarding the cost or impact of product changes in various areas of the plant. In addition there was a lack of understanding regarding the minimum order size that would be profitable for the company, resulting in many unprofitable orders.

PROJECT

Following an intensive off-site training and team building session, a Project Team, comprising 4 Renoir Consultants and 9 TEXMACO task force employees, set about tackling these issues across the entire fiber division based in Kaliwungu (Polysindo Eka Perkasa, Multikarsa Investama and Texmaco Taman Synthetics) over a 35 week period.

Employing Renoir's Focus Process™, TEXMACO management, employees and task force, under the guidance of Renoir's consultants carried out an exhaustive analysis of the business and the potential for improvements. Nine multidisciplined Management Action Teams (MAT's) consisting of management, employees, task force and consultants, were formed to co-coordinate activities in a number of areas, including: Spinning, Draw Twisting, Texturising & Doubling, Twisting & Weaving, Materials, Polymerization and Fibre / Recycling, Planning, and Maintenance.

As a result, the following major systems and programs were developed and implemented:

- Plant wide balanced scorecard focusing on value addition to the company.
- Supervisory short interval control systems for packing and production.
- Revised electrical, mechanical and utility maintenance systems.
- Energy conservation program.
- Manager shop floor control systems.
- Group wise and individual performance measurement.
- Structured daily & weekly review meetings focused on problems, root cause analysis and follow up actions.

To support this change, 4 half-day modules (systems, balanced scorecards, problem solving, managing by numbers) were administered to 395 supervisors and junior managers. In addition, an operator training program focusing on waste, lost time and control systems was developed and administered to over 2,500 operators.

The high level definition of business processes, competencies, goals, and performance measures were cascaded down through the organisation via the MAT's. The Teams underpin the ownership and behavioral change characteristics that occur during Renoir projects and dramatically improve communication. A steering group, comprised of senior management, received weekly progress reports during the project from the MAT's.

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Eight members of the original taskforce were provided with additional training and were appointed as an in-house continuous improvement team under the Research and Development Department. The team has taken on additional improvement opportunities, spearheaded the ISO certification and will form an integral resource for ensuring sustainability.

THE RENOIR GROUP

Renoir Consulting is a world leader in sustainable, implemented change. Founded in 1994, Renoir has offices located in North and South America, UK, Europe, Turkey, Middle East, Southern Africa, India, Pakistan, China, South East Asia and Australasia. With over 350 fully employed and highly trained consultants, their work across a wide range of industry sectors gives them a broader perspective of the issues facing your business, allowing them to be sensitive to your unique challenges, culture and specific business issues. This cross-pollination ensures truly effective, rapid and sustainable solutions.

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