

ALCOM

Customer satisfaction up. Costs down.



Aluminum Company of Malaysia Berhad (Alcom) has made its mark as one of the leading aluminum manufacturers in the region and is Malaysia's largest manufacturer of sheet and foil products. Alcom was incorporated in 1960 as Alcan Malayan Aluminum Company and took on its present name in 1975. The Alcom Group currently consists of Alcom and Alcom Nikkei Specialty Coatings Sdn Bhd (ANSC).

ANALYSIS

A three week Analysis was conducted, focusing on 3 divisions; Extrusion, Sheet & Foil, and Alcom Nikkei Specialty Coatings (ANSC). There were 4 main objectives:

1. Identify improvement opportunities
2. Estimate the value to Alcom & ANSC of realising these opportunities
3. Design a programme to realise the opportunities.
4. Establish the changes required to realise these opportunities

In light of the many benefits identified during the Analysis, Alcom/ANSC agreed to move forward to a business performance improvement programme. The programme would focus on the following:

- Cost reduction of RM 4.2 million through an increase in operational efficiencies and the reduction of overtime and manning; further in the tough economic climate;
- Development of action plans to relocate the extrusion division;
- Create, not just a behavioural change, but also a cultural change in the way that Alcom/ANSC management & staff view their business.
- Improvement of operational and customer service performance indicators, particularly quality, on-time delivery and lead times in order to penetrate the market

Key Results

17.5 million MR savings

34% increase in packed production

86% productivity improvement

Efficiency increase from 16-20%

35% quality improvement

Overtime down 10%

Inventory turn improvement of 21%

OTIF improvement of 29%

Customer returns down by 58%

Project APPROACH

The 46 week Project was split into 4 main steps:

- Definition – Engage Alcom staff to analyse improvement area
- Development – Design new work methods, systems, standards, behaviours and structure.
- Implementation – Making the change happen; driven through the use of the new systems.
- Follow Up – Reinforcing the changes to become Alcom and ANSC culture.

Project planning & control

A central steering committee, to ensure that the direction of the project stayed on track, was appointed and consisted of Alcom/ANSC Senior Management and Renoir Project Management.

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THE RENOIR GROUP

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Management Action Teams

One of the major vehicles driving change were the Management Action Teams (MATs). These are the cross-functional teams within a workstream. They consist of managers, process technologists, supervisors, operators and administration staff. The MATs met at least once, each week to address issues and discuss act upon progress. The following MATs were set up:

Material Transformation	Order to Remittance	Statistical Process
Die Shop	People & Development	Control
Finance & Costing	Team Leader	Organisational Analysis
Administration	Rationalisation	Information Technology
Value Analysis		

Focus Process™ - Strategic business alignment

In the first week of the Project a Focus Process™ workshop was held with the Alcom/ANSC Senior Management Team. This workshop achieved the following:

- The development of a new business vision, mission;
- The agreement on the set of Alcom/ANSC values that are required to achieve the business vision and mission;
- The identification of the business objectives that will support the new vision & mission statement;
- The development of the top level, overall business, balanced scorecard i.e. the identification of the Key Result Areas (KRAs) and their Key Performance Indicators (KPIs). This scorecard would reflect the agreed top level business objectives and would be the scorecard from which all other scorecards would roll down.

IMPLEMENTATION & ACHIEVEMENTS

Following the business alignment, the combined team of Renoir consultants, Alcom Task Force and the MATs began to address the issues that were impeding better performance, developing solutions, streamlining processes, reviewing and defining roles & responsibilities. Some of the activities and achievements included:

- The development and installation of a comprehensive master scheduling system
- The development of road maps to achieve the FBP targets beyond the Project
- The development, installation and training of new management planning and control systems
- The identification of best practice methods of working and the establishment of work to time
- The development and installation of process control at critical machine centres
- A new Cost Reduction Programme
- Re-engineering of the administration areas
- The development of a costing model
- A review and reduction of the manpower levels and requirements
- Organisational restructuring
- Studies into the total relocation or part outsourcing of extrusion
- Management training, development and culture change programmes
- The identification of opportunities for process improvement through the further installation of IT systems
- Development of a Continuous Improvement Team (CIT)

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