

Customers front and centre of KLINGER's continuous improvement initiative

How the Australian business used LEAN principles and technology to improve the customer experience

What makes KLINGER a supplier of choice?

- Tailor-made solutions for every industry
- Safe, reliable and cost-effective sealing, fluid control and monitoring solutions in compliance with international standards
- Specialist component integrity and leak detection and repair (LDAR) capabilities
- Responsive, expert advice and service



How do you improve an already successful business that has been around for more than 130 years? By not settling for 'good' or even 'great'.

KLINGER Limited (Australia) a member of the KLINGER Group of Companies, a manufacturer and distributor of high quality and cost-effective gas and fluid sealing solutions, has long had a reputation for the superior quality and reliability of its products. But, the KLINGER team has recently taken the business to the next level by extending their brand promise to encompass the quality and reliability of their customer service, with a focus on continuous improvement.

The objective for KLINGER was to cement themselves as the supplier of choice to their customers by delivering on time, every time, and without compromising on the quality of their products. They also wanted to increase efficiency, reduce waste and build a high performing organisational culture.

To achieve their vision, they employed a multi-faceted approach to business improvement that included LEAN Methodologies, an enhanced factory and warehouse layout, and fine-tuning of their Epicor Enterprise Resource Planning (ERP) software to optimise the impact of these improvements.

The journey

KLINGER's journey began in 2015 when they experienced an unexpected interruption to their business, with a fire in their West Australian warehouse, while simultaneously moving their Melbourne operations to WA to bring production under one umbrella.

“From day one we said no shortcuts. Whatever we do, we do it properly” – Ajith Gunasekera, Chief Financial Officer

“When the warehouse burnt down, we saw an opportunity to rebuild the facility so that it could also accommodate a metal plant. In line with this we needed to take a look at the processes and systems that we were using, and we started to consider the LEAN principles, but this ended up taking a backseat to other business priorities” revealed KLINGER Chief Financial Officer Ajith Gunasekera.

“There was a realisation around this same time that the Enterprise Resource Planning (ERP) system we were running back then had no software support beyond 2021 and no hardware support beyond 2019. Thus, we began the implementation of the Epicor ERP software in 2016, with business software specialists Precise Business Solutions.”

Fast forward to the end of 2017 and with a solid foundation in place, KLINGER were in a great position to revisit lean methodologies for business processes, and to also work with Precise Business Solutions to align their Epicor ERP system with the changes.

Ajith explains how in late 2017 KLINGER set out to establish a continuous improvement culture in their business, with their customers at the centre of it all.

“From day one we said no shortcuts. Whatever we do, we do it properly.”

“We have laid one stepping stone, methodically on top of another, beginning with what matters the most to us – our customers. We started at the

customer interface and took that through to the warehouse. Then we slotted in manufacturing.”

“At the end of the day, all comes down to the alignment of process, people and systems.”

“We had to start somewhere, so we began with increasing the velocity of orders through the facility – order to invoice – as fast as possible. We are very close to our customers, who are typically engineers, plant operators and operations managers, so we knew that the biggest difference we could make to them is in our ability to meet their urgent requirements. Any reduction in downtime for our customers, translates to big dollar savings for them.”

In early 2018 the business hired LEAN expert Michelle Ahola to facilitate the employment of lean principles in their business; examining existing processes and breaking down and analysing where improvements could be made. They quickly started to realise the benefit, and the approach became so fundamental to their operations, Michelle later joined KLINGER as their Operations Manager.

In partnership with Precise Business Solutions, KLINGER then looked at where processes could be automated or supported through ERP software improvements to reduce their reliance on manual tasks and improve flow and communication between the various components of their business operations.

The physical space was also an important component to get right. Process and system changes

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es are being supported by changes to the physical layout of the warehouse to improve flow and to increase efficiency by more closely aligning with Epicor ERP system changes.

It starts with people

It was important to KLINGER that any changes made were supported by the business – particularly given the tenure of some of their employees exceeds 20 years with some staff having worked for the company almost 40 years.

KLINGER Operations Manager Michelle Ahola said, “A lot of people are scared of change, so you’ve got to be able to establish and maintain trust in the workplace. People need to know you understand the space they are operating in and the challenges they have, and the best way to do this is to get them involved with coming up with the solutions.”

KLINGER has involved employees throughout the journey, starting with business process mapping exercises and lean training, through to providing more visible business metrics and individual KPIs that support the business objectives. The aim has been to build an internal culture that supports business improvement.

“Everyone is helping us to get to where we want to be and the whole business is involved

in driving it – not just the management team,” said Michelle.

It was also critical to KLINGER that any partners they worked with understood the manufacturing space and could quickly establish credibility with their workers. Ajith explained how important it was to their success to work with a software partner who truly understands their business.

“Epicor ERP is a strong manufacturing product already, but Precise Business Solutions has helped us to uncover the right tools and techniques to tweak the system to work for us. Our success is partly due to having the right consultant to work with. Epicor ERP is very adaptable – but it was about uncovering how we can do things better.”

“There are consultants, but then there is Frank at Precise who can relate to the real-life business, processes and hands-on manufacturing. Not everyone has the experience and has worked in the environment.”

“We might have the ideas and the passion behind it, but you’ve got to have someone helping you to get there who both understands the software and is willing to understand your business. Precise has helped us to liberate our investment in the Epicor software to that next level.”

The results

KLINGER is now able to plan ahead to optimise plant capacity and material utilisation which has put them in a position where they can anticipate customer needs and be more proactive.

As they can precisely calculate what they are capable of delivering, KLINGER can provide their customer with a precise delivery time and their capacity to meet all orders – including urgent ones – has increased.

As of June 2019, scheduling improvements have started to flow through with the business having the capability to expand their production outlook and review resource capability versus production requirements. Standard production can now be planned well in advance (up to 10 days), which is a significant improvement from a daily to 3 day outlook, depending on the product type and size, which was occurring as recently as of February this year.

KLINGER's DIFOT (delivered in full and on time) percentage has been steadily improving and is well on track to meet their target of 95% by the end of the calendar year.

From KLINGER's customers' perspective, in many instances their expectations are being exceeded, and they are receiving orders earlier than expected. Customers have started to take notice of the changes, and this is reflected in enormously positive customer feedback and scorecards.

So, what's next for KLINGER?

“Right now our short-term focus is on how we can go completely paperless across our business, as well as real-time tracking of an order from the time it has been received to consignment,” said Ajith.

Ajith said that while they are pleased with the results they have achieved so far, continuous improvement means there is always something that they can do to build on their efforts.

“We have just scratched the surface of the potential. You can't name an organisation that is not affected by what is happening in the global environment today. To remain competitive, we will continue to look for opportunities.”



Has this article inspired you to think about your own systems and how they align with your processes?

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