Xuron Corporation Demonstrates How Manufacturers Can Succeed Despite Economic Downturn

Maine manufacturer improves efficiencies with year of Lean initiatives to prepare for innovative growth

Saco, Maine – How does a Maine manufacturer survive when orders significantly drop as a result of the economic downturn? What strategies can companies adopt to ride out the recession?

Saco-based Xuron Corporation, a precision hand tool manufacturer, is demonstrating how Maine manufacturers are adapting to the economic climate by becoming more efficient as well as exploring options for growth opportunities. In the process, they’re becoming more competitive in the global economy.

“Xuron Corporation is one of the world’s leading manufacturers of electronics-grade hand tools and was affected by the economic recession. Its order volume dropped and was forced to reduce its workforce. The company shifted to a four-day work week, and employees were asked to multi-task and take on new assignments that they were unfamiliar with,” said Rosemary Presnar, regional manager for innovation and technology collaboration for the Maine Manufacturing Extension Partnership (Maine MEP).

The shipping process was one area affected by layoffs. Employees unfamiliar with shipping and receiving shouldered some of the responsibility and the process experienced slowdowns. To address the problem, the Maine Department of Economic and Community Development suggested that Xuron call upon Maine MEP for assistance.

Working with Xuron management, the Maine MEP project manager designed a four-day kaizen event focused on reorganizing and redesigning the shipping process. The team developed an improved work plan that dramatically improved material flow and reduced bottlenecks. The savings in terms of time, space and dollars were impressive:

- Reduced time to prepare orders for shipment by 25 percent, which allowed 25 percent more orders to be processed in the same time period;
- Reduced travel distance for order preparation and packing by 65 percent;
- Increased floor space and storage area significantly; and
- Freed up shipping and receiving employees for cross-training in other areas, yielding thousands of dollars in savings per year.

“When I first proposed a lean 5S kaizen event to my co-workers, I was somewhat apprehensive for two reasons,” said Dennis Shores, Vice President for Accounting and Finance at Xuron. “First, Xuron had reduced staffing levels, and everyone was very busy just getting our daily chores accomplished. Second, I did not know how the changes that needed to be made would be accepted.”

“With the Maine MEP’s expert guidance, we assembled a team of employees from shipping, receiving, accounting, sales and manufacturing. The team accomplished a phenomenal reorganization of the shipping and receiving area. The resulting efficiencies will pay for itself in less than one year,” Shores
Pleased with the extraordinary results, the shipping and receiving project became the first in a series of lean initiatives the company implemented in the past year with assistance from Maine MEP.

The second Maine MEP project with Xuron targeted the setup time for three of the company's grinding machines. By cross-training personnel and reorganizing the process, the project team was able to reduce the setup time by 49 percent and substantially cut the employee downtime while waiting for setup by an impressive 81 percent. The resulting cost savings were significant.

Throughout the summer, Maine MEP worked with a Xuron project team to improve the efficiency of a product line. Through value stream mapping and kaizen events, the team succeeded in reducing the cycle time by 15 percent. It also eliminated a vendor shipping process step, reduced travel distance by 43 percent and created three dedicated work cells. The improved efficiencies from the project resulted in thousands of dollars in annual cost savings.

"Beyond the physical and operational improvements, an unexpected benefit has emerged," said Shores. "A culture of team spirit and a desire for continuous improvement has taken root throughout the corporation. Other employees and departments have been inspired by the dramatic rework of the shipping and receiving area to improve their workspaces."

Besides substantial cost savings from all three lean initiatives, Xuron leadership has also engaged with the Maine MEP to be introduced to a new program being offered by the national MEP network to help small manufacturers increase their innovation speed and decrease risk. Xuron is being introduced to the Innovation Engineering Management System as a means to take advantage of their momentum to not only reduce expenses but to also increase revenues.

Shores added a final note. "Many thanks to the Maine MEP for inspiring Xuron Corp. to be more competitive in the world marketplace. This has truly been a most rewarding relationship," Shores concluded.

About Maine MEP

Maine MEP is an affiliate of the NIST under the U.S. Department of Commerce. The national MEP is a network of manufacturing extension centers that provide business and technical assistance to smaller manufacturers in all 50 states, the District of Columbia and Puerto Rico. Through MEP, manufacturers have access to more than 2000 manufacturing and business "coaches" whose job is to help firms make changes that lead to greater productivity, increased profits, and enhanced global competitiveness. For more information on the Maine MEP program call 1-800-637-4634 or visit www.mainemep.org.