



Oasis Engineering

Lean Manufacturing with Epicor ERP Gives Oasis the Edge

Company Facts

- Location: Tauranga, New Zealand
- Industry: Engineering
- Number of Locations: 1
- Web site: www.oasisengineering.co.nz



“We used to have racks full of WIP. Now they are office furniture racks used for filing office stationery!”

Kevin Flint, General Manager | Oasis Engineering

Success Highlights

Challenges and Opportunities

- Like many other businesses, Oasis was negatively affected by the global financial crisis. The Oasis team took the opportunity of the economic downturn to invest in research and development, along with a lean manufacturing software implementation project.

Epicor Solution and Services

- Oasis implemented lean manufacturing initiatives using Epicor ERP to improve the processes not only of manufacturing but also across the entire business.

Benefits

- Productivity improved 32%
- Delivery, quality and pricing improved
- Inventory reduced 37%
- Traceability improved
- Time and money savings
- WIP now small

Oasis Engineering (Oasis) is a precision engineering production facility specializing in the manufacture of products for the Oil & Gas, Pharmaceutical, Food Service & Hygiene industries. Oasis operates from Tauranga, New Zealand, with key markets in Australia, Europe, USA, Canada, South America and Asia. Oasis has been a user of Epicor ERP since April 2004.

Engineer to order business, Oasis was negatively affected by the global financial crisis. Not one to waste a crisis, the Oasis team took the opportunity of the economic downturn to invest in research and development, along with a lean manufacturing software implementation project.

Oasis teamed up with COGITA, an Epicor authorized partner, to implement lean manufacturing initiatives using Epicor ERP to improve the processes not only of manufacturing but also across the entire business. Working closely with COGITA, the process took approximately one year to implement, much less than the two to three years that it can take. “A big investment in person-hours allowed this to happen in such a short time frame,” said Kevin Flint, general manager at Oasis.

During March of 2009, the order volume dropped off. Not only did orders decline but Oasis’ competitors were being forced to quit their inventories at whatever price they could get for them.

“We are now seeing a dramatic upsurge in orders and requests for quotations. This situation is welcome but we are now facing problems with sourcing additional staff. We have to be very careful that when we accept orders, we will meet our order demand,” said Flint.

The market situation is highly competitive but Oasis is winning from the competition because it can respond much quicker to demand and can produce smaller runs, more efficiently. Margins are now smaller so this puts even more emphasis on efficient production and cost reduction. Key to Oasis’ lean manufacturing initiative is the Kanban inventory system, which has significantly reduced inventory levels.

The effort in research and development during the quiet time has allowed Oasis to develop many new product concepts that are now ready for launch. Customers are asking for rapid turnaround of product so this investment is allowing Oasis to meet this demand.

Flint is justifiably proud of the most visible sign of permanent improvement to the Oasis team. “We used to have racks full of WIP. Now they are office furniture racks used for filing office stationery!”

“It is unusual for a small business such as us to have the functionality of a fully featured ERP manufacturing software such as Epicor. This enables us to offer traceability of our products to a level unmatched by our much larger competitors,” said Flint.

The Solution

Oasis looked to Epicor as a part of maintaining a competitive edge. They wanted to have full visibility of costs. Oasis was able to tailor Epicor to work with a lean manufacturing implementation.

Being a make-to-order company, Kanban jobs are used in the system to help improve response to customer demand and reduce non-value adding processes. A range of standard products that are made to stock. The inventory for these products uses Kanban triggers for replenishment. With agreements with suppliers to keep stock at Kanban replenishment quantities, lead times for raw material are kept to a minimum.

Scheduling uses Theory of Constraints (TOC) methodology to determine throughput through the constrained resource. They track the constraining resource and release jobs at the rate the resource can produce. Oasis knows exactly when products can be delivered.

“We have put a lot of effort into eliminating unnecessary processes and waste. We provide our customers and suppliers with the right information every time so there are no mistakes. We also have an Opportunity for Improvement process that can be initiated by anyone for any part of the business. We change our systems and processes as we see fit,” said Flint.

An Oasis of Benefits

When asked for the key to a successful ERP lean manufacturing implementation, Flint commented, “The key is getting the people onboard. It is a long-term process. It can take three years or more. Using the system is crucial to a successful implementation.

Previously some people would say Epicor ERP is wrong. Once people understood that it is the process, not the software that is wrong, that’s when people come onboard and make things work,” said Flint. AgileShip Manifest automates domestic and international processing for UPS, FedEx, DHL, USPS, LTL and other carriers across multiple locations. “Different freight carriers have different reporting requirements and different label formats. Moreover, shipping rules, especially in foreign countries, are constantly changing. AgileShip Manifest stays on top of all of this for us, making sure the right documents are produced and summarized correctly to avoid shipment delays or rejections,” Leannah added.

Some very important outcomes of the Epicor ERP lean manufacturing implementation were:

1. Teamwork. Everyone worked towards a common goal and shared the workload.
2. Productivity improved by 32%. Revenue and profitability are now greatly improved.



3. Customers are appreciating the proactive approach that the Epicor lean manufacturing process instills. Oasis is achieving 98.9% of planned dispatch due dates.
4. Less work for Oasis. Because customers are confident that they are going to get what they asked for when they asked for it, they do not ask for expediting unnecessarily.
5. Improvements in delivery, quality and now pricing, by value adding and quality assurance on receipted goods.
6. Flexibility in meeting the changing needs of their customers in a time frame and price that they like. Despite Oasis being smaller, it occupies a unique position in customer responsiveness.
7. Purchasing and administration has improved, especially traceability of product in the field. Epicor also helps with ISO 9000. It is very important to know material specifications for each product. Oasis also holds a powerful position in the industry being able to offer full traceability of each part in their products. Epicor reference numbers are engraved on all critical parts to ensure accurate traceability and avoid non-authentic part substitution.
8. Supply is now based on Kanban stock for standard product. The agreements Oasis has with suppliers on Kanban replenishment quantities have allowed it to reduce inventory by 37%.
9. Teamwork, cleanliness and orderliness. Customers are impressed when they visit the site and the appearance encourages business with Oasis. Pride in the workplace is part of the Oasis culture with everyone, every morning, spending a few minutes cleaning up.
10. The reduction in inventory has generated a lot of extra workspace.
11. Work in progress has been greatly reduced. It used to be around \$250,000. Now it is a fraction of that.
12. Better work relationships.

Looking Ahead

Next for Oasis is without doubt more improvements. Kaizan projects are run every six weeks to work through different areas of the business in turn. For the Epicor ERP side, the next scheduled improvement will be Advanced Print Manager –handling documents electronically and customer relationship management (CRM) for sales tracking and marketing.

New products are also in the pipeline backed up by processes in place ready to ramp up production. Oasis plans to grow the business as a specialist R&D manufacturer by focusing on final assembly, quality assurance and traceability.

An example of the results from investment in R&D is the improvement in performance of their bespoke bus CNG filler. A normal filler would typically take four hours to complete the filling operation. With Oasis' new design, this operation is now accomplished in 10 minutes. A fantastic improvement with clear benefits to the user.

About Epicor

Epicor Software Corporation is a global leader delivering business software solutions to the manufacturing, distribution, retail, and service industries. With more than 40 years of experience, Epicor has more than 20,000 customers in over 150 countries. Epicor solutions enable companies to drive increased efficiency and improve profitability. With a history of innovation, industry expertise, and passion for excellence, Epicor inspires customers to build lasting competitive advantage. Epicor provides the single point of accountability that local, regional, and global businesses demand. For more information, visit www.epicor.com.



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