

Challenges & Remedies of the Packaged Gas Industry

In Conversation with **Bob Werner**, President of Edwards Group International



Bob Werner

A Seasoned Veteran at the Heart of the Kaizen Methodology for the Continuous Improvement of Customer Focused, Quality Business Management.



Edwards Group

Multidisciplinary consulting firm with an aligned process approach that delivers results of continually improving value to customers, improving organizational effectiveness, efficiency and performance for such industries as packaged gas, manufacturing and aerospace.

Editor:

For the purpose of our audience, what is Edwards Group's mission? And which industries do you help?

Bob Werner:

Our focus is an aligned process approach that results in the delivery of enhanced value to customers, improved organizational effectiveness, efficiency and performance on a continual basis. In other words, our mission, specifically for the independents in the Atmospheric Gases and Welding Supplies chain, often called "packaged gas and welding supplies", is focused on maintaining their independence. This is achieved by leveraging Kaizen/Continuous Improvement "practice over theory", and translating practice into actions that produce measureable results vital to their long-term competitive health.

Our mission is anchored in our values: customer first, professional excellence, integrity, and unbound by convention. In terms of industries served, we have helped a number of customers in the Atmospheric Gases and Welding Supplies Chain, as a primary set of customers, and secondary to that we have also helped customers in the Aerospace, Manufacturing and other Service sectors.

Editor:

Having served the packaged gas and welding supplies distribution industry for a number of years, how do you see their challenges?

Bob Werner:

As a backdrop, entrepreneurial, family-oriented businesses are the hallmark of most of the packaged gas and welding industry. Many privately-held, were started by a founder who possesses a great deal of technical knowledge about the industry, products and services. They are professionals who have strong entrepreneurial instincts, work ethics, passion for their industry and business. From challenges perspective; overall what they need to do is drive continuous improvements i.e. the Kaizen approach to business as a key business strategy versus drive by events/an appendage "which often happens", what they also need to do is:

- Invest in people and develop their talent and intellectual capabilities.
- Reduce costs, become more efficient and strengthen partnerships with suppliers and customers.
- They also need to become more innovative and creative, become more customer-centric than ever before.
- Develop a learning organization. Knowledge management and transfer across the entire supply chain. Knowledge is power and a key competitive advantage, and ...
- Aggressively implement cutting-edge technology that best serves all stakeholders in the supply chain.

In some ways, what I am trying to say, from a business perspective in the packaged gas industry, is that experts estimate that duplicated and lost transactions, dispute

reconciliations, human error and other inefficiencies result in about 35 to 40% degree of waste in the packaged gas industry supply chain. This is huge! ...and leaders of this industry must address these issues to be able to survive and become much more competitive.

Editor:

What is Kaizen/Continuous Improvement?

Bob Werner:

Customer driven, Kaizen*/Continuous Improvement is creating an organization-wide culture with a fixation,

intolerance for waste, and is relentlessly driven to remove anything that does not create value for all stakeholders throughout the entire value creation stream. It's about people "they are the prime appreciating resource", a mind-set, and not about techniques or tools.



The bottom line: **Creating more value for customers, reducing costs** and becoming **more efficient**. The following data provided by the team working on the process speaks for itself. This is but one segment of a much larger process the team is working on.

Before

27 process steps
 1.2 miles walked per trip
 6425 seconds total processing time
 Customer Value-Added Ratio = 14%

After

17 process steps
 0.5 miles walked per trip
 4700 seconds total processing time
 Customer Value-Added Ratio = 25%

** Kaizen: The fundamental objective of Kaizen is the gradual, unending improvement, doing little things better that focuses on the customer, process improvement, elimination of waste, and setting ever-higher standards. No standards, no improvement.*

Editor:

So, in a sense, you are facilitating the leap forward of the business from a people's point of view and from a mind set point of view?

Bob Werner:

What I am saying, the leap forward comes from challenging everything the business does. Questioning everything it does right now and by everyone in the organization:

- Why do we do this?
- Why do we do it this way?
- Why do we do it in this order?
- Why don't we do it differently?

You can never let the mind set, that is in concrete, get comfortable with the current situation. The current situation must perpetually be challenged. In other words, innovate, create, and take risk.

Editor:

What answers does technology provide to the packaged gas and supplies distribution industry?

Bob Werner:

People are the backbone for executing processes and process improvements, technology facilitates that and keeps the pulse on the business in real time. As we deploy our Continuous Improvement program across the organization, it is imperative that technology executes on the supply chain processes and provides reliable, real-time accurate information, and also retrieves it in lightning speed, unencumbered. This, many times, is not the case with existing technology in the Atmospheric Gases and Welding Supplies chain. Real-time data and information is the lifeblood of Kaizen. Decisions made by individuals or teams in an enterprise-wide continuous improvement process must be based on fact. This is what drives improving overall organizational performance. Technology,

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Bob Werner, President
Edwards Group International



effectively fused with continuous improvement, provides the ability to do that.

Editor:

What are the business benefits derived from TECSYS' & TrackAbout's technology?

Bob Werner:

TECSYS & TrackAbout are effectively addressing the issues that I have previously stated with existing technologies and/or lack of. And, as I have mentioned before, information is the lifeblood of Kaizen and Continuous Improvement. It's all about speed, being fast, being flexible, and the right technology is a key component. Listening to users is the best way to address this question and that is where the value is, and it must be realized.

Editor:

What are existing users saying in terms of the benefits derived from the combination of good Kaizen/Continuous Improvement methodology and of TECSYS/TrackAbout's modern technology?

Bob Werner:

Let me answer it this way, based on organizations that do not have a robust Continuous Improvement business strategy and supply chain technology in place, effectively deployed across the entire value chain, their value-added ratio, or sometimes referred to as Process Cycle Efficiency (PCE) which is, customer value minus waste free process, is typically less than 5% of value to the customer. This is significant! ...because it accounts for more than half the lead times in most organizations and 30-40% of the cost of goods and/or services sold. It can be millions of dollars!

But for those who have deployed continuous improvements and supply chain technology, the voice of the customer says it all; in talking to customers in this industry that's what they had to say:

TWSCO

"We selected TECSYS' EliteSeries because of its inherent support of "best practices" and the ability to extend the system to support our unique requirements. The solution's fit to our industry is "out of the box" as well as the ability to support the "Kaizen philosophy"; in essence it is delivery and service quality at the lowest cost that was attractive to us."

Scott Chenoweth, President

"TrackAbout offers smart logic technology which filters and corrects data so only accurate tracking information is captured. As a result, TWSCO will use this information with confidence to make better informed decisions and maximize revenue opportunities."

Mike Rincones, Fill Plant Manager

S. J. Smith

"I'm impressed with TECSYS' vision. They are focused on making their system the best it can be for our industry... The TrackAbout system's ability to provide accurate information has allowed S. J. Smith to provide a product and service to our customers that our competition can't offer."

Eric Smith, Operations Manager

Cee Kay Supply Inc.

"Adopting the TECSYS /TrackAbout solution is moving from a batch system to real-time processing. This enables the Company to have faster and easier access to much more data than it did previously. Reports that would have taken a day or more to get using the previous system can

now be pulled up quickly — sometimes in minutes. With the TECSYS /TrackAbout solution, Cee Kay can now also drive greater process consistency."

Dave Healzer, Systems Manager



Editor:

In closing, one final question, what is your leave behind message to business leaders in this industry?

Bob Werner:

I would like to share some words of wisdom that are truer today as a result of the business world being more volatile, uncertain, and more complex. They were shared with me by Vaughn Beals, former CEO of Harley Davidson, who I had the



pleasure of knowing, and one of the thirteen members of Harley Davidson management that purchased the company from AMF in 1981 and subsequently turned it around. Vaughn said: "Tell everyone of the organizations you work with or talk to or come in contact with, that their competition, right now, is implementing the most progressive practices with the intent of taking their business." As we all know, Honda provided Harley Davidson with an enlightening experience...

My message, change or become extinct ■

Summary of benefits derived from the TECSYS/TrackAbout solution:

Efficient supply chain execution—effectively address the many challenges of transaction-rich processes with the processing power and access to pertinent, real-time information. Virtually no manual functions compared to before.

Access to information at their fingertips—Easy access to accurate information, reporting and analysis, ensuring that management has the information they need to make the right decisions.

Improved customer service—tracking of inventory and cylinders at all times, in real time, wherever they are. Enables management and customer service representatives to better serve customers and respond to their queries, quickly and efficiently.

Strengthened support—substantially strengthens support to distributors' IT infrastructure and brings proven distribution applications and methodology to their operations.

Significant competitive advantage—automation/streamline of their business processes, quality of delivery and the ability to have clear visibility across their supply chain empowers packaged gas and welding distributors to deliver quality service to their customers and significantly improve their competitive advantage.

About EG International

For twenty-five years, EG International has provided Enterprise-Wide Kaizen and Continuous Improvement services in North America to both the manufacturing and services sectors. EG International works with client organizations to address the entire value stream (every touch point, every facet of the business, from the time the customer places the order until you collect the cash), not just operations. We believe that unless Kaizen/Continuous Improvement is everywhere in an organization, it is nowhere.
www.edwardsgrp.com

About TrackAbout

TrackAbout provides software-as-a-service for tracking and optimizing the use of portable physical assets. TrackAbout's best-in-class technology effectively meets the challenges of managing assets, such as compressed gas cylinders, durable medical equipment and chemical containers, in a shared environment. Smart logic technology filters and corrects data so only accurate tracking information is entered into enterprise business systems. As a result, many world-class organizations are using this information with confidence to make better business decisions and maximize revenue opportunities.
www.trackabout.com

About TECSYS

TECSYS is a market-leading provider of warehouse management, transportation management and distribution management software and industry-expert services to mid-size and Fortune 1000 corporations in healthcare, third-party logistics and general high-volume distribution industries. The Company employs a seasoned team of experts who has an extensive experience in supply chain management and in deploying TECSYS' technology in high-volume distribution environments, enabling customers to significantly streamline logistics operations, reduce cost and improve customer satisfaction.
www.tecsys.com