



# Lakeside Steel Maintains and Gains

“Do whatever it takes,” became the mantra at Lakeside Steel Corporation (LSC) late last year, when President and CEO Ron Bedard decided to ramp up productivity.

He targeted two plants at the LSC Welland, Ontario, facility for the project: the stretch reduction mill (SRM), and the 8-inch mill, which together manufacture more than a dozen pipe products for the oil country tubular goods (OCTG) market. These include three kinds of seamless products used in transporting gas or oil: drill pipe, casing, and tubing.

“We recognized that opportunities existed” to make significant improvements, Mr. Bedard explained, “but felt that we had insufficient resources to define the problems and put measures in place to address them. We have well established assets here

and a stable unionized workforce. Practices were well entrenched and there was an understandable reluctance to deviate from them. We needed an outside resource to assist management in rooting out inefficiencies and to present the opportunities in different terms than had been tried previously.”



This led LSC to track down an external resource with the knowledge and experience to convince its veteran employee team to, first, identify and understand the issues that were impairing reliability and, second, to make sustainable changes necessary to achieve higher productivity.

LSC engaged USC Consulting Group (USCCG) for the challenge. The decision, according to Mr. Bedard, was based on USCCG’s track record of success in similar situations and its determination, through its initial feasibility study, that there were a number of opportunities for both productivity and financial improvement. Said Bedard, “The deliverables USCCG presented were of sufficient magnitude to convince us to secure their services.”

USCCG’s initial assessment zeroed in on five key objectives for the initiative:

1. Increase productivity by 12.5% in the SRM;
2. Increase productivity by 12% in the 8-inch mill;
3. Compress mill changeover cycle times to recover lost capacity;
4. Increase the effectiveness of production support areas; and

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5. Enhance the “front-end” planning and scheduling systems.

The firm then developed an approach for addressing the supply chain issues and challenges, which boiled down to eight steps:

1. Create a formal method to “rough cut” (estimate) load-constrained work centers;
2. Revise standard operating procedures (SOPs) to maintain velocity throughout the shop;
3. Develop a visual management system to ensure compliance with SOPs;
4. Deploy a cross-functional team-based approach using feedback from the visual management system to more effectively implement continuous improvement through an Action Item process;
5. Install a closed-loop management operating system designed to identify, prioritize, and resolve operating problems;
6. Improve changeover time and coordinate support functions;
7. Develop and implement an audit process with operations and quality assurance management to ensure perpetuation of improved practices and procedures; and
8. Structure a Steering Team/Update package to keep the project on schedule, ensure operational and financial results are attained and measured, and mitigate risks.

“The core of the story at Lakeside,” reported USCCG Senior Operations Manager Dean Carrier, “is plant capability and reliability in a two-mill operation.”

The first order of business was to determine actual capacity utilization for each item produced in each mill, expressed in tons per hour using a process monitor. Using a real-time performance management solution provided by strategic partner Shoplogix, USCCG was able to rapidly determine which area of the mill was

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the source of constrained productivity. LSC’s perception of its capability was transformed radically when it tracked performance on an hourly basis using 80 percent of capacity, or 24 tons per hour, as the target.

Using ShopLogix’ PlantNodes™ and USCCG’s LINCSS® management tracking system, operators were able to pinpoint causes for lost production more accurately and quickly. The systems also produced operating reports and Paretos for daily and weekly performance reviews, action items, and follow-up protocols for outstanding action items. The team then assessed the results at daily shift review meetings, identifying issues that arose during the tracking process and generating action items to attack.

“This took the guesswork out of determining problem areas,” said Mr. Bedard. “Monitoring the mill using PlantNodes has allowed management to concentrate on the significant contributors to lost production and take steps to correct them.”

“The Shoplogix PlantNodes installation has been critical to the success of this improvement program,” Mr. Bedard said. “By continuously tracking the performance of individual products, management can channel resources as necessary to correct problems and improve mill performance.”

“Our laser-like focus on hourly performance,” Mr. Carrier noted, “vastly changed the perception of capabilities, along with operational issues and action items, and led to significantly improved productivity over the course of this engagement. Our partnership with ShopLogix enabled us to deliver greater value more rapidly to Lakeside Steel than either one of us could’ve on its own.”

For some time, the 8” mill had been known as the 12-ton-an-hour mill, but the analysis, based on an 80 percent capacity rate, showed a target of twice that: 24 tons per hour.

### **The Trust Factor**

“The program got off to a slow start,” said Mr. Bedard, “but gained momentum with growing employee acceptance. After an initial reluctance to participate in the process, there has been an almost universal interest in the process. Once USCCG gained their trust, this reluctance to participate evaporated. The ideas put



**Aerial view of Lakeside Steel two-mill facility at Welland, Ontario, Canada.**

forward by employees have been invaluable to the success of this effort. And the interaction between USCCG personnel and the LSC management was excellent. The consulting group's even-tempered, professional approach was well accepted by the vast majority of LSC employees, management, and the union members alike."

The new capacity parameters were shared with everyone in the mill and were tracked using the process monitors (visual performance indicators). Operators and managers were brought into the process through Employee Involvement Meetings, which were highly successful in converting reticent members to active

participants in the evolving operations. Establishing regular supervisor walk-throughs helped pinpoint potential trouble spots and helped keep operators' attention concentrated on the productivity targets.

Action items generated from the daily management meetings, shift review meetings, and weekly management meetings became the nucleus for improvements. Operator start-up checklists facilitated opportunities to pinpoint issues which contributed to downtime, quality problems, and overall equipment reliability. Monitoring equipment and scanning delay codes highlighted areas of concern and Pareto's from the scans helped underscore potential trouble

spots. The Pareto's are key to not only pointing to the proper course of action, but also to confirm whether those actions are effective.

Maintenance activities are now planned by analyzing downtime Pareto's and the PLW (production loss work order) reports. This assists in scheduling maintenance activities focusing on eliminating repeat breakdowns.

"Early in the project," Mr. Carrier said, "we would encounter catastrophic failures with a minimum of eight hours downtime almost weekly. We were in the process of moving from 15 shifts a week to 21, which would have been difficult, at best, under

these circumstances. That's when we were told to 'do whatever it takes' to make the mill more reliable."

This is when Mr. Bedard set the goal of running 20 shifts with no maintenance-related downtime. The 21st shift would be devoted to maintenance. This ultimately meant that LSC would need to invest in a few reliability schedulers for maintenance to track the backlog, plan and schedule maintenance shifts, supervise and track outside maintenance contractors, and analyze production loss work orders to determine what parts of the plant were experiencing the greatest amount of downtime and what needed to be done differently to improve that.

"By taking less time to run a particular order," explained Mr. Carrier, "LSC would have more available hours to sell. Financially and operationally, the key at LSC is to meet or exceed the most recent forecast (MRF) generated by the production planning group."

By creating a production schedule based on consolidating orders – those with the same outside pipe diameter and the same grade of steel – LSC has been able to meet the MRF and make more efficient use of cash flow when purchasing raw materials, which is still the most costly factor for the company.

### **Capturing More Assets**

Recovering lost capacity required compressing mill changeover cycle times. Initially, changing over from one pipe size to another took just

over 17 hours on average in the 8-inch mill. To get that down to its current 11 hours, USCCG, with input from LSC's key operators, developed a "Changeover Playbook," which consisted of a detailed list of specific events and target completion times for set-up and maintenance. It was distributed to all operators for review prior to the first changeover. The lead operator created a critical tool inventory, acquired all the necessary tools, and stored them in an orderly configuration so they would be readily available when needed.

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***"The ideas put forward by employees have been invaluable to the success of this effort."***

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Using these guides, supervisors recorded times for each maintenance and changeover event, along with any helpful observations for streamlining. Post mortem meetings are held after each changeover to discuss overall performance and to emphasize opportunities for improvement.

"Bringing some science to the entire maintenance structure was critical," Mr. Bedard pointed out. "The operator check lists and formalized supervisor tours have brought a discipline and organization that is repeatable and sustainable. In addition, the entire work order system has been revamped to incorporate a significant consolidation of PMs. Our backlog has been eliminated and

our equipment reliability has improved measurably. This is particularly evident on the finish floor in the SRM."

The impact of the visual management system became apparent rather quickly:

- Supervisors and employees are gauging their shift performances against the plan;
- Management more quickly identifies significant areas of concern in production losses;
- Employees adopted a greater sense of ownership of both their responsibilities and their results; and
- The spirit of constructive competition between shifts has increased.

"The vast and varied experience that USCCG brought to the program was quite evident," Mr. Bedard said. "While the industry was different, the fundamental issues were similar to USCCG's previous experience. This knowledge was passed on to LSC without hesitation and with good results.

"The most significant change is our ability to achieve higher productivity with fixed resources like manpower, which has resulted in improved profitability," Mr. Bedard stated. "The one thing we learned from this experience is that there is always a way. The key is defining the problem and separating the things that are important from everything else.

"Bottom line, USCCG has delivered. While improvements have been made, potential future gains should be even more significant."

# Coffey and Ostrosky Take the Helm at USCCG

*Pair succeed retiring Chairman/CEO Ron Walker in planned top management transition*



*George W. Coffey*



*James A. Ostrosky*

Tampa-based USC Consulting Group (USCCG) announced a planned top management succession. George W. Coffey, 57, and James A. Ostrosky, 59, became co-chief executive officers following the retirement on December 31st of Ronald K. Walker, 65, the firm's former chairman and CEO.

Mr. Walker, who retired after 40 years of meritorious service to the company, in a career that saw him rise from project consultant to analyst to president and, ultimately, chairman/CEO said, "After so many years as chief executive, I am pleased to leave the company in the

capable hands of two colleagues who have shared much of the journey, and many successes, along the way with me." Senior Partner and Director of Operations Louis E. Schmitt, 65, also retired after 38 years with the firm. Together, the two men are credited with bringing about the many changes that have positioned USCCG as a world leader in operations management consulting services.

Messrs. Coffey and Ostrosky will share the office of chief executive, continuing in the complementary roles in which they have served for the past four years as co-presidents.

They will share responsibility for managing the firm's day-to-day operations and for expanding the scope and quality of services the company provides its clients in order to fuel its growth.

Assistant Director of Operations and Executive Partner Ted E. Buckles, 48, will succeed Mr. Schmitt as head of the firm's delivery arm. USCCG's VP of Finance and Administration, Thomas E. Klebeck, 46, already a member of USC Consulting Group Europe's board of directors, has been made a partner after six years of service with the company.

## ***Letters to the Editor***

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We look forward to hearing from you.



*First we make it work. Then we make it last.®*

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