

The background of the slide is a blue-tinted image showing two men in business suits shaking hands. Behind them is a faint world map. The overall color scheme is blue and green.

## **Case Study** **OneSteel**

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# Case Study: OneSteel

Australian manufacturer of steel products with global markets

## Project Details

**Client Name:** OneSteel

**Project Location:** Sydney Rolling Mill, Rooty Hill, NSW

**Major Vendors & Suppliers:** Meca Racking, Barcode Data Systems, Kone Cranes

**Project Value:** Confidential

## Background

The merger of two steel manufacturers led to rationalisation of several sites within the network and dramatically increased the demand serviced by the remaining facilities.

In the case of the Sydney manufacturing plant and warehouse, the resulting demand increase created a clear imperative for the company to assess its warehousing strategy.

## Challenge

To identify and address the four key aspects of warehousing performance, in terms of people, processes, systems and infrastructure, and develop solutions which would meet the needs of the business over the short, medium and long term.

. The tasks to be addressed included:

- change management issues in a mature, blue collar workforce environment
- developing streamlined operating processes, material and traffic flows in a 'safety first' operating environment
- understanding the impact of company operating policies on facility capacity
- identifying appropriate and cost effective warehouse automation technologies for improved operating performance
- developing effective performance measurement and reporting capabilities
- balancing the competing issues of increasing demand for its' products and manufacturing capacity constraints
- developing design criteria for short, medium and long term solutions

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## Approach

- Designed and built a detailed multi period capacity model based on forecast production and demand profiles to determine peak storage requirements over a five-year time horizon.
- Collated activity based costing data and product volume data for all current operations. Data was from multiple sources that were standardised to ensure consistency across operations.
- Derived existing capacity utilisation
- Prepared warehouse activity based costing models to profile existing operating productivity and processing costs
- Mapped warehouse operating processes including: receipt/putaway, replenishment, order preparation, staging / despatch and returns / re-work
- Prepared and validated various facility design options (in AutoCad), identifying short, medium and long term improvement opportunities. Design considerations included warehouse size, configuration and type of construction, material flows, storage and materials handling equipment, dock design, pedestrian and vehicle access, and office location and size
- Prepared capital and operating cost budgets for recommended improvement items over short, medium and long term time horizons

## Outcome

- Three facility designs incorporating best practice design criteria, infrastructure and technology improvements were recommended.
- Key benefits of recommended designs included operating cost savings of up to \$2mil pa.
- Payback was achieved with cost effective solutions requiring \$500K - \$5.5mil in capital over short, medium and long term time horizons.

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