

SUCCESS STORIES

LANSING TOOL & ENGINEERING

Continuous Improvement Propels Lansing Tool & Engineering into Overdrive

Pat O'Mara, President of Lansing Tool & Engineering (LTE), has come a long way since pawning his tools and working out of his car to fund the dream of opening his own tool & die company. Mr. O'Mara and his partner started LTE in 1997 after gaining more than 15 years experience working in the tool & die industry. Today, LTE has \$6 million in annual sales and is an industry leader, providing tools for many Tier One and OEM companies; including General Motors and Whirlpool.

How has LTE survived in these rough times for tooling companies?

The answer is simple: they are able to compete because they are constantly refining internal processes, improving quality, and getting lean by removing waste from their processes.

Lansing Tool and Engineering first worked with the Michigan Manufacturing Technology Center (MMTC), part of the Hollings Manufacturing Extension Partnership (MEP) program, through a tooling pilot project. This joint initiative with the MMTC, the Center for Automotive Research

(CAR), and the Michigan Economic Development Corporation (MEDC) was specifically established to work collaboratively with the tool & die industry. The goals of the tooling initiative were a perfect fit with the values of LTE's management team. Pat O'Mara has always strived to run a lean and efficient business. The tooling pilot prompted Pat to continue his relationship with the MMTC beyond the parameters of the original project. MMTC and LTE staff partnered on operational assessments, lean and quality initiatives that helped improve LTE's bottom line.

Working with the MMTC, Lansing Tool and Engineering was able to make a number of changes. First, and most helpful, was the assessment of factory processes. Assessment is the first stage of any comprehensive work with an MMTC client, allowing both the MMTC and the client to see the scope of the improvements needed and where immediate gains can be realized. For example, the MMTC was able to make a recommendation that LTE stop running one of their older and slower machines and instead send that work to another company. The resulting change led to immediate gains in LTE's

bottom line. The work was sent to another firm located in Grand Rapids, therefore MMTC's recommendation was able to benefit both the client and another Michigan company.

Moving this work allowed for an investment in a new bridge mill and three new CNC machines. These new machines run 24 hours a day 5 days a week, and resulted in the hiring of an additional 6 employees. The investment in equipment and labor was a direct result of work with MMTC.

On the quality side, the MMTC helped Lansing Tool and Engineering document and measure their processes. At first, the company was uncertain as to how many process steps were being used to complete the engineering and production of a product. Together, LTE staff and the MMTC were able to document over 186 steps in the process. Documenting these individual process steps was the first part in reducing the process time and expense, which has resulted in lower costs and improved quality for Lansing Tool's customers.

The initial documentation process led to ISO certification for LTE. The investment in ISO certification has paid off in increased business, internal

quality checks and improved customer quality. Now, when the GM auditors come to the plant, the company is able to give them the ISO book that documents each job and process at the company.

The use of the Value Stream Mapping process, a standard lean manufacturing tool, and work standardization helped the company identify where large cost savings were realized. For example, tool design work was moved in-house. When LTE used an outside company for design work it would take 600 hours for the firm to design the tool and then LTE would put in an additional 300 hours revamping the design in-house. Now, Lansing Tool is able to put a total of 250 hours worth of design into each tool, resulting in a 70% cost savings on the design side.

The price of steel has gone up 50% over 2 years, however, by being flexible and changing to new processes the company has been able to maintain prices even with increased material costs. Through efficiency, LTE was able to reduce overtime costs by \$146,000, helping them remain competitive with other firms. Pat O'Mara says, "There is not a lot of control over material costs. We can't control the price of steel."

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