

Highlights:

- SYP sawmill improves production volume by 14%
- No major capital upgrades were required
- Improved execution cited as the driving force
- Management confident results will be sustained



***Is there light
at the end of
your kilns?***

KILN CONSTRAINED | With lumber prices at strong levels, sawmills are feeling the heat to increase volume while continuing to improve quality, value, recovery and costs. For this Alabama sawmill, improved kiln throughput meant increased revenues and significantly higher profits. Additional kiln capital or a new strategic direction were not the answers, improved execution was. >>

Can a kiln constrained sawmill producing 100 million board feet annually, increase production volume by 14% without investing in additional kiln capacity? Yes. And it happened in less than three months.

IDENTIFYING THE GAP

The reality for this SYP producer was the same reality the rest of the industry was facing: the need to ratchet down costs while improving the value realized for each board foot of lumber produced.

It was common knowledge that there were opportunities to improve margins, but the specifics had proven elusive. "We knew we could cut more in the sawmill and we thought the log yard could handle it, but the kilns just couldn't dry it," explained the Assistant General Manager. "That was our thinking. In fact, even when Perforex said we could get an extra 14%, I was still skeptical. **Did I think there was some room? Yes. Did I think there was that much room? No way.**"

During the 2-week assessment, opportunities totaling more than \$40 per MBF were identified throughout the sawmill - a significant amount, but consistent with typical Perforex findings.

Based on this, management decided to engage Perforex to help close the execution gap. When asked whether the decision to move forward was an easy one the General Manager responded, "it was hard on the management team. We think we're doing the best that can be done and then Perforex comes in.



STACKING QUALITY improved airflow, minimized drying times and maximized quality, value & recovery.

Perforex comes in. It's a difficult situation to explain. However, our perspective on it was if we can take some formal help to get better then let's do it. If they can help us we're all going to be better off".

CLOSING THE GAP

Perforex worked closely with all levels of the mill's staff, particularly with operators and front line supervision, to determine improved methods for managing and operating the kilns.

During the management system redesign a complete set of performance indicators were agreed upon, targets were set with crews, evaluation methods were established and action-planning tools were developed.

It was then time to bring the system to life through hands-on implementation. This started with the basics: training crews to capture high quality data, looking at their results in real time and training supervisors to review results with operators and develop action plans to improve performance.

When asked about activities during implementation, the GM explained, **"Perforex was engaged in the process at the kilns; they were out there on the ground every day with operators and supervisors, actually seeing what's going on and helping them to identify and solve problems"**.

RESULTS

Volume dried at the kilns improved from 2.2 MMBF per week to almost 2.6 MMBF per week. In addition, performance indicators relating to quality, value and recovery improved.

So was this a case of one or two major breakthroughs? No such luck says the GM, "we got it in a bunch of small steps".

These small steps included improvements to stacking quality, moisture control, drying times, change over efficiency, capacity utilization, preventative maintenance and yard logistics.



A "PIT CREW" mentality led to more efficient change overs.

Conceptually, this is easy enough; the hard part is how. "It's the operators; the people out there doing the drying are the ones that have to know what the issues are. Having a process in place has given us the ability to get insight from all levels of the organization. It has proven very valuable to our ability to continuously improve performance," notes the GM.

How sustainable are the processes put in place and the results generated? According to local management, very sustainable. **"I'm 100% confident that the results will stay** as long as the management team does their job in supporting the use of the systems and holding people accountable for results. We're not going to slip back to two million two!".

Nearing completion of the Perforex engagement the GM was asked whether his view on consultants had changed. His response: "you can hire all the consultants you want and they can come in and do all kinds of assessments, but their ability to deliver results are not necessarily very good. Perforex isn't like other consultants".

References for this case study are available.

PERFOREX partners with companies to significantly increase their profits by implementing operating practices, systems and disciplines that drive results and create sustainable performance improvement. To date, Perforex has closed the execution gap at over 40 sawmills.