



## Getting Flow Right; *The combination of Logistics and Equipment Performance*

*The attendees were treated to two great presentations and a site tour of the Port of Tauranga's Port Terminal facilities on the 15<sup>th</sup> November 2004. The key points made were:*

- *The need for equipment and process working perfectly. To do this requires good planning, positive relationships with people working together for greater good.*
- *Visibility is required*
- *Process flow improvements use lead time as a driver*
- *Equipment flow improvements use OEE as a driver for rate, quality and capacity*
- *The right improvement process will achieve the right results*



The network meeting was kindly hosted by the Port of Tauranga and Mike Pohio who is the Container Terminal Manager. He gave an introductory presentation explaining how the Port of Tauranga Container Terminal was completed in 1992. The Port has increased the container volume from handling 35,000 TEU per year (Twenty Foot equivalent) in 1998 to currently handling 30,000 TEU per month. After Mike's presentation attendees then had a site tour. Following the site tour Chris Smith from Hynds Pipe Systems – Logistics gave a presentation on how the dispatch / yard team at Hynds Pipe Systems had increased dispatch tonnages by 20%.

### Port of Tauranga presentation summary

Since the late 1980s the vision for a container port at Tauranga has grown out of five key strategies:

1. Low cost, minimising overall costs. The second hand straddles originally purchased in the 1998 is an example of this strategy. Another is to strive to move each box (container) only once.
2. Minimise multi port calls. MetroPort is an inland port in South Auckland and a key to enable growth by accessing the Auckland market and therefore allow the geographical spread of Tauranga traditional customer base. This is also an example of the low cost strategy. By minimising multi port calls a shipping company servicing eleven ports with five ships can reduce multi port calls (e.g. calls in the same country) they are likely to be able to complete six port calls, same routes, and cargo with four ships creating significant savings.

Prior to MetroPort imports were discharged at Auckland and Bay of Plenty / Waikato, and exports were loaded at Tauranga. Port of Tauranga now covers everything. A customer will deliver their container to MetroPort and from there it appears seamless to the customer. Working closely with Toll (formally Tranzrail) Port of Tauranga, Shipping Lines and Regulatory Authorities allows this to work.

3. Relationships and people. These strategies would not be possible without having the right people with the right attitudes in the right place. Recently Port of Tauranga needed to increase capacity for rail between MetroPort and Tauranga Container Terminal. One option is more trains, meaning more cost and significant capital. The other option is a faster turn around. Cutting the train loading and unloading time down by half will allow an extra trip per day. Again achieving this is dependant on the relationships between the parties involved.

4. Strategically important software. Port of Tauranga was an early adaptor to Navis software. This software is a sophisticated planning and scheduling package, which gives people throughout the port visibility to the process and the right tool to manage a dynamic operation.
5. Excess capacity. The port still has excess capacity. There is a possibility for expanding the berth length and they are purchasing new straddles. It is important to have capacity exceeding demand and the confidence that you can say "yes" to customers.

The measures the port use for the equipment is similar to manufacturing plants, rates (crane rate) breakdown and small hold up and stoppages. There are also measures for time to load, unload trucks and vessels. The attendees proposed a possible way of measuring Overall Equipment Effectiveness for vessel loading.

### Hynds Pipe Systems Logistics

Chris Smith gave the attendees a short presentation on what the logistics dispatch team at Hynds East Tamaki site had achieved. With the same number of staff, forklifts and trucks they had managed to achieve a 20% increase in loading out. Chris explained his thoughts on the flywheel effect. It was a classic example of working smarter not harder. As well as increasing dispatches the team had to also cope with increasing pipe production to store (OEE increases in the factory).

Chris echoed Mike Pohio's comments about needing equipment and process working perfectly. To do this requires good planning, positive relationships with people, working together for greater good both within the company and strategic partners. Visibility is required to monitor progress.

What is the flywheel effect?

*When people begin to feel the magic of momentum - when they begin to see tangible results and can feel the flywheel start to build speed -- that's when they line up, throw their shoulders to the wheel, and push.*

**And that is how our Improvement really happened!**

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