

### Aussie motors to Europe

AN Australian manufacturer of electric motors is set to launch into the European market after signing a lucrative contract with a major Swiss distributor of industrial components. CMG International of Melbourne has announced a distribution agreement with the Angst+Pfister Group for its 3 phase ac electric motors. The motors will initially be sold into Switzerland, Germany, Austria, Belgium, Italy, France and the Netherlands. Sales of electric motors in Europe have been estimated at around \$1.5bn per annum with the market experiencing strong growth over the last decade.

### New lounge factory

AUSTRALIAN furniture manufacturer and retailer, Fantastic Furniture, has re-located its lounge manufacturing operation to a new 15000m2 facility in Sydney's Fairfield East. Each day the facility manufactures approximately 600 lounges, and in just one year over 1 million meters of fabric, 3 million lineal meters of timber and 170 million staples are used to make sofas. The Lounge Factory employs over 160 employees.

### Hydrogen business in India

AN Australian company's ambition to develop a national hydrogen fuel and technology business for India's mainstream public transport and power generation sectors has been enhanced under a manufacturing agreement announced last month. Eden Energy Ltd says the agreement provided for a stepped process to ensure the company's range of hydrogen based fuels and technologies were in full production in India by the end of next year. The endorsement for the manufacturing pathway has been signed with Mumbai-based and Bombay-listed engineering group, Larsen & Toubro Ltd.

### Recycled water for factory

MORE than \$21m is to be spent on providing recycled water for a major Victorian manufacturing plant, which will save 660 million litres of drinking water every year. BlueScope Steel is injecting \$8m into the project and utility South East Water will contribute \$9.4m to upgrade its treatment plant to produce "Class A" recycled water. A 13km pipeline will also be built to pump the recycled water from the Somers treatment plant to BlueScope's factory at Hastings on the Mornington Peninsula. In NSW BlueScope Steel recently celebrated the three billionth litre of recycled water to be supplied to its Port Kembla Steelworks from the nearby Wollongong Recycled Water Plant.

# Lean extends into green

BY DEREK PARKER

SOME Australian companies are beginning to incorporate environmental issues into their 'lean' manufacturing processes, although others still have some way to go, according to a leading US expert in the field.

Gary Langenwaller, a business consultant and author of the book *The Squeeze: A Novel Approach to Business Sustainability\**, recently visited Australia as a guest of Lean to Green and the Manufacturing Best Practice Program and with support from Sustainability Victoria.

"There are some companies in Australia that get it straight away," Langenwaller told *Manufacturers' Monthly*.

"They are thinking in terms of the triple bottom line, bringing together the issues of profitability, people, and the environment.

"Excellence programs have focussed primarily on the elimination of waste from manufacturing processes and streamline performance, and that's good.

"But lean manufacturing programs can be expanded to include sustainability themes, and equally the tools and techniques of lean manufacturing can be adapted and applied to sustainability improvement.

"Organisational sustainability is more than an altruistic 'feel-good' goal, it is a sharp-edged imperative, a matter of long-term performance and competitiveness.

"Sustainable practices not only improve business outcomes but become a crucial selling point, as well as contributing to employee satisfaction. Employees like to know that their company is doing the right thing for the broader community," he said.

Langenwaller is based in Oregon, often seen as the centre of sustainability thinking in the US. He has advised a wide range of organisations and has found a number of common themes.

The key, says Langenwaller, is for managers to listen to employees, and

to encourage decision-making at the workplace level.

"I have found the people who actually do the work are very good at finding solutions, especially to sustainability problems," he said.

"This can mean, for example, deciding which materials, such as chemicals, are best for a given task, or how outputs to the environment can be reduced or eliminated.

"It can work for any company, regardless of size or type. An essential requirement is good leadership," he said.

"Managers have to be committed to a sustainability agenda, and have to be seen to be committed, for the workforce as a whole to make the shift.

"A Triple Bottom Line Deployment plan is a useful tool to ensure that people, profit and planet are considered in an organisation's planning and decision-making," he said.

Langenwaller sees a company's willingness to empower its employees as central to the extension of 'lean' manufacturing.

"Empowerment has a direct impact on company profitability and returns to investors. The actual procedures are, in my view, less important than the level of trust that exists between employees and managers.

"One of the best ways to build trust is for managers to get out of the corner office and onto the front line on a regular basis. In fact, that process can be enjoyable for everyone. If you're not having fun, you're probably not doing it right."

A problem for many companies, according to Langenwaller, is a shortage of metrics to apply to the 'people side' of management.

While he emphasises that each company has to design measurement tools for its own situation, he points out that some firms have used metrics such as the amount of training provided, employee turnover, the number of applications for vacant positions (both from within and outside the company), and the number of suggestions



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made by employees.

On the issue of employee suggestions, he believes that a process through which employees can make suggestions and state their views anonymously can be useful for managers trying to determine overall workplace satisfaction.

Langenwaller says some of the best indicators come from employees themselves.

"In Australia, there seems to be a lot of willingness among managers to talk to their employees, and that's a very positive sign.

"I have also been encouraged to see many Australian companies interested in sustainability. Even those who might not know how to go about it are interested in learning.

"It is also being pushed along by government, especially in Victoria. I would not say that Australia is up with Europe at present on environmental issues – there, good environmental practices are very advanced, mainly due to government policies. But Australia is certainly heading in the right direction," Langenwaller said.

\* MM has a signed copy of *The Squeeze* for the fifth reader to email [manmonthly@reedbusiness.com.au](mailto:manmonthly@reedbusiness.com.au).

# Strong growth for industry in May

BY JOHN ALLEN

A BROAD-based lift in demand has provided a boost for Australia's manufacturing industry with stronger growth in activity recorded in May.

The Australian Industry Group - PricewaterhouseCoopers Australian Performance of Manufacturing Index (Australian PMI) rose 3.5 points to 55.2.

The May result signalled the 15th consecutive month in which the index

has been at or above the key 50.0 level separating expansion from contraction.

New orders increased sharply in the month reflecting the combination of diminishing fears of a further rise in interest rates, the wide-ranging measures announced in the budget, and record high consumer confidence.

Exports on the other hand, while up a little, remained soft following a decline the previous month, reflecting the stronger Australian dollar.

While, growth in production and supplier deliveries strengthened markedly inventory-building, failed to keep pace with the rise in demand, with stock levels increasing only slightly.

Interestingly all twelve sectors expanded in May, up from six in April. Ai Group Chief Executive, Heather Ridout, said the strengthening in manufacturing activity was a further sign that the economy was continuing to grow at a good pace in the first half of 2007.