



# Isles Internationale Université

(European Union)



## Insight Newsletter

Strictly for Member Circulation

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### Global Alliances



The Conference and Agreement signing for the establishment of the Isles Internationale Université (European Union) for Arabic programmes in the Middle East and Appointment of Dr Shaher Hamid Ali Al-Sukour as the International Vice President. The regional centre under the leadership of Dr Shaher Hamid Ali Al-Sukour will cover Arab World, Iran, Ukraine, Germany and neighboring countries and Independent U.S.S.R. Prof H Sandhu, Executive President and Dr Peter Shepard, International Vice Chancellor of IIU executed the agreements in Jordan.



*Cutting cost of gearing output precisely to customer demand*

When surgical device maker ConMed decided in 2007 to streamline production, executives explored the usual options. The Utica (N.Y.) company could ship more manufacturing to China. Or it could invest in automation.



ConMed chose a third option instead: It completely overhauled its production. Long assembly lines at its 600-worker Utica plant have given way to compact U-shaped workstations. Piles of plastic boxes stuffed with enough parts to last weeks have been replaced by just a few bins containing the exact number of parts needed.



Collaborative Agreement on Joint and Double Bachelor Degree of Business Administration in International Business Management (English Program) in Eastern Asia University Thailand with the Oxford Association of Management (United Kingdom) and Isles Internationale Université (European Union).

“Different isn’t  
always better  
but better is  
always  
different”

No longer do workers furiously crank out products that languish in warehouses. Instead they build only as many as customers need at the time. ConMed calculates that every 90 seconds hospitals worldwide use one of its disposable devices for inserting and removing fluids around joints during arthroscopic surgery. So that's precisely how long it takes for a new one to roll off its assembly line. A growing number of products, such as instruments for cutting bone, are assembled only after hospitals place orders. "The goal is to link our operations as closely as possible to the ultimate buyer of the product," says David A. Johnson, vice-president for global operations.

Lean manufacturing—producing goods with minimal waste of time, materials, and money was pioneered by Japanese company - **Toyota** decades ago. Now a growing number of businesses world wide are trying a more extreme form of lean. Besides making factories super efficient, they are gearing output to current demand rather than three- to six-month forecasts. We're seeing a precipitous rise in companies adopting a religious commitment to producing only what they know will sell.

In capital-starved times, companies can ill afford to tie up cash by letting parts and finished goods lie idle in inventory. And these days, even if companies place orders, there's no guarantee they'll get the financing to complete the purchase. In most past recessions, companies could generally predict demand for the next month with an accuracy within 5%. In the past four or five months, there has been a sea of change. Converting to very lean manufacturing helps companies adjust to the new environment.



Signing agreement on Academic Recognition and Validation for Double Degree, Joint Degree and Research Degree between IIU president, Prof H Sandhu, the Isles Internationale Université (European Union) and UME president, Prof Tun Pheakdey, University of Management and Economics Cambodia.



## TYING EVERYONE IN

The next challenge is getting a clearer picture of what's happening on the customer's end. Celestica, the \$7.7 billion contract manufacturer of electronics gear, is rolling out a system it calls **Liveshare**. Within two years, the company hopes Liveshare will let all of Celestica's customers, global factory network, and 4,000 suppliers share real-time data on demand, production, inventories, and shipping for every product. Some suppliers are already using Liveshare, but the plan is to include major electronics buyers as well.

For example, a Purchasing Manager for Mydeen Store (in Malaysia) needs supplies of a "hot" video game console assembled by Celestica. Today, most buyers would use phone, fax, and/or e-mail to assess how quickly Celestica could deliver. But a buyer checking Celestica's online database would see up-to-the-minute diagrams showing how many consoles are rolling off production lines. And Celestica could peer into Mydeen's inventory and sales data to estimate how many consoles the chain needed. What a tremendous breakthrough this would be.

## THE NEXUS

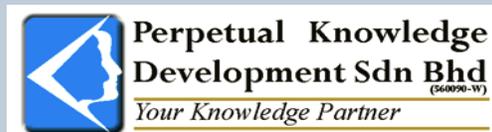
Not all goods can or should be built to order. Some 80% of ConMed's \$742 million in 2008 sales came from disposables sold by the millions to hospitals, where demand is fairly steady. For mass-produced items, it bases hourly output targets on forecasts updated every few months. Before, mass quantities of goods sat in warehouses until they were sold.

**“The most dangerous kind of waste is the waste we do not recognize.”**

At ConMed's Utica plant, the assembly area for fluid-injection devices once consumed 3,300 square feet and had \$93,000 worth of parts on hand. Now it covers one-fifth that space and stocks just \$6,000 worth of parts. Output per worker is up 21%. Do the improvements yield savings superior to what could be in China? Wages there, though vastly lower, are largely offset by the costs of long lead times, inventory pileup, quality problems, and unforeseen delays.

Many asked me if LEAN could be used in the service industry, my answer is - just take a look at Amazon.com

It can be applied in any industry, all you got to do is to make the customer the centre of everything you do.



Contributed by: Dr. Edwin Varo  
+6 0133602509  
evaro@tm.net.my