KINDUZ

Delivered additional profits of US$ 0.5 million by improving the Scrap Management Process

BUSINESS CASE

Organization Trends

- At the Cement plant, multiple machines classified as needing to be replaced were sold as scrap
- The total cost of these machines was US$ 0.52 million after depreciation
- There is opportunity to repair and rehabilitate these machines instead of replacing with new equipment
- The cost of repair is 10-20% of the value of new machinery

CHALLENGE

What is the challenge

- In 2015 several motors were found in the scrap yard as they were not considered functional anymore
- With small investment these motors could be and used in the plant effectively
- There is a lack of control and objective decision making in the scrap management process

Where is the challenge

- Cement Plant – Scrap yard

When was the challenge identified

- During 2014 and 2015

IMPACT

What is the impact

- Loss of profitability due to machines and equipment being marked as scrap without prior inspection
- Lack of robust attempts to repair and reuse machines
- Generation of environmental wastage due to premature scrapping of machines

How much is the impact

- Cost of buying completely new machines is US$ 4.0+ million
- Loss of additional benefit of US$ 0.52 million

TARGET

What is the Target

- Assess all machines in the scrap yard for their repair and refurbishing
- Create business case for repair and refurbish vs. buy new
- Decrease number of reusable and repairable items found in scrap yard

How much is the Target

- Reduce the number to zero

OUTCOMES

Improved Profits

- Additional profit of US$ 0.5 million

Operational Outcomes

- Reduced CAPEX investment required to replace the machines (80% of cost of new machines saved)
- Reduced waste generation adding to company's sustainability initiatives

Leaders of Tomorrow

- Belief system within employee towards sustaining the new scrap process

Delivered using:

KINDUZ Services: Continual Improvement | Culture Transformation | Leadership Augmentation

KINDUZ Intellectual Property: QADES | AEIOU | VSM^e | LSSIB | The EPMA