

Supply Chain News: This Week's Manufacturing News Round -Up for Nov. 4, 2009

Good Manufacturing News Across the Globe; Sealy Finds Lean Success; Toyota's Green Factory, More

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A Summary of this week's most interesting manufacturing news:

Good Manufacturing News Across the Globe

This week has seen a slew of bullish reports showing improvement in the manufacturing sector across the globe.

In the US, Manufacturing activity jumped 3.1% in October, reaching its highest level since April 2006. The data from the Institute for Supply Management put the manufacturing index at 55.7 – from 52.6 in Sept. – beating analyst estimates of 53. The index was above the 50 expansion/contraction marker for the third consecutive month.

In the UK, manufacturers in October saw the largest leap in new orders for nearly six years, while the Chartered Institute of Purchasing & Supply said industrial activity grew at its fastest rate for two years in October.

In China, manufacturing rose at its fastest pace in 18 months, though the rate of expansion eased a bit in Australia and India. Taiwan, like China, also saw strong growth in October.

Bank of America-Merrill Lynch economists said the strong results in China supports the bank's view that year-to-year economic growth here will rise to 11.3% in Q4 from 8.9% in the third quarter.

In Taiwan, The HSBC Taiwan PMI rose to 59.8 in October from 57.5 in September, marking an eighth month of expansion as companies increased production to meet growing orders.

"The big advantage is less material handling, less movement and less dirt on the product. They're only working on one bed at a time."

Mike Hofmann, executive vice president of operations at Sealy

Nestle's CEO says Following Strategy Critical

Paul Bulke, CEO at Switzerland-based food giant Nestle SA, say that the company has made some moves based on the recession, but that it is critical to stay on the strategic path it believes will lead to success post-recession.

In an interview with the Wall Street Journal, Bulke (CEO since April, 2008), said, "We tell our people that our long term business plan stays, and it is a good one."

As with many companies, emerging markets are a core element of that strategy.

"We took our strategy of investing in low cost products for emerging markets and gave it dramatically more momentum," Bulke added.

Bulke also said Nestle continues to reduce its SKU counts and eliminate underperforming items.

Sealy Finds Lean Success

Lean manufacturing techniques have been key to helping companies survive the economic downturn.

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Mattress giant Sealy is a prime example, according to an article this week in USA Today. According to the article:

At a plant here recently, two workers place rectangles of foam, fiber and cloth on a springboard with the dexterity of sandwich makers, briskly firing spray guns to glue the layers to each other and staple guns to bolt the cloth to the metal.

As they slide their handiwork onto a table, a "taper" just a few feet away grabs it and places it under the rat-tat-tat of a sewing machine that stitches the top panel to the rest of the unit. Within five minutes, a queen-size mattress is formed.

Previously, workers churned out dozens of unfinished mattresses at a time, loading them onto a conveyor. The taper, about 40 feet away, had to pick through 4-foot-high piles of them. Mattresses, which took up precious floor space, were sometimes damaged from rubbing against one another.

"The big advantage is less material handling, less movement and less dirt on the product," says Mike Hofmann, Sealy's executive vice president of operations. "They're only working on one bed at a time."

Kia Motors Factory is Hiring

Korea's Kia Motors is hiring for its factory in West Point, GA. The company said this week it was going to hire as many as 1,500 more production or maintenance team member positions through 2010.

Toyota's Green Factory

Toyota's Tsutsumi Manufacturing plant in Toyota City has made going Green a key objective for several years – and it shows.

In 2008, Toyota installed 50,000 square meters of photovoltaic solar panels – that's equal in size to about 60 tennis courts. Those solar panels produce about 2000kW worth of energy, which is equal to the average consumption of 500 households. These solar panels create about half of the electricity that

the plant needs to operate. The other 50% comes from gas co-generation.

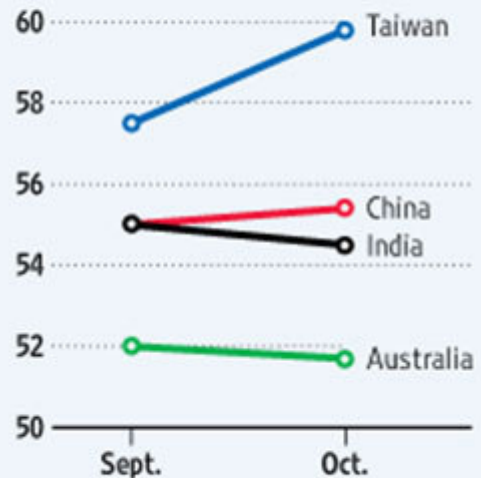
The exterior of the plant's buildings are also covered in photo-catalytic paint. This breaks down airborne nitrogen oxides (NOx) and sulfur oxides (SOx).

Toyota also planted 50,000 trees at and around the factory in 2008.

Since 1997, the plant has reduced the amount of waste going to landfill by 82% and has announced plans to achieve complete elimination of incinerated waste. Toyota has also started a water-recycling program that has cut water discharge into surrounding waterways by 50%. The water it does discharge actually improves the condition of the waterways, as it is five times cleaner than that in the waterways themselves.

Showing resilience

Purchasing Managers' Index, a gauge of nationwide manufacturing activity, of selected Asian-Pacific economies



Note: A reading above 50 indicates expansion
Sources: Markit; PricewaterhouseCoopers (Australia)