

SUCCESS STORY



Systemic Continuous Improvement—a Next Generation Manufacturing Success Strategy

Centerline Machine Drives Growth with Lean



Sound business advice from WMEP and a commitment to Lean result in rapid growth

In 1996 Charlie Leiby started Centerline Machine in his garage in Waupaca with one milling machine and a vision to build his own company. His first customers were area businesses, including many farmers who relied on Charlie to make the parts that kept their farm machinery running.

Over time, Charlie developed a reputation for providing a service to area businesses that couldn't be found locally—precision machined parts, including unique one-of-a-kind pieces.

Today, Centerline Machine, Inc. is housed in a 13,000 square foot building and a new facility four times as large is being built nearby to accommodate the

Centerline Results:

With help from WMEP, Centerline achieved:

- ▶ Triple-digit annual growth rate made possible by the increased capacity generated by Lean
- ▶ A doubling of the number of employees, and plans to hire more after relocation to the new facility
- ▶ Investment of \$5 million in new machinery to support existing and new business



Charlie Leiby's garage in Waupaca - Centerline Machine's original location.



Charlie Leiby and Kip Lussenden, director of operations, in front of Centerline's next home - a state-of-the-art 55,000 square foot building



Centerline's improvements result in rapid growth

capacity required by Centerline's incredible annual growth rate. In the past three years, the number of employees has grown by more than 50%, from 28 to 44, and 15 jobs will be added to staff the new facility. Centerline Machine has picked up some big customers in the past few years, but remains loyal to its local customers.

"There are no projects too big or too small. Each customer receives our outstanding commitment to quality and service, whether he's a local farmer walking in with a broken part, or a purchaser from a large OEM," Leiby says.

Centerline's road to success has not been without challenges, but Leiby's philosophy has been to turn those challenges as opportunities. Such was the case in 2005, when the company found itself teetering on the edge of a financial crisis and Leiby turned to WMEP for assistance.

Jeff Moore, WMEP manufacturing specialist and business advisor, met with Leiby to help assess

Centerline's financial position. Moore reviewed the books and informed Leiby that at the existing run rate, Centerline would be out of business in about three months. "Fortunately," said Moore, "by actively managing cash flow and collecting receivables, Centerline quickly regained its financial footing and began planning for growth."

The first order of business was to improve capacity, on-time delivery, quality and manufacturing effectiveness. Jeff Moore worked with Centerline to apply Lean principles to operations throughout the company. "Lean is more than just being efficient and reducing waste," said Moore. "The greatest benefit, and the greatest challenge, in running a Lean operation is to develop a Lean Culture."

Leiby was very receptive to the idea of working with WMEP to build a Lean Culture focused on engaging employees in continuous improvement efforts throughout the company. A successful Lean Culture requires a strong commitment and investment from



Kelly Much, shop floor supervisor, takes measurements from a customer's existing part so that a corresponding part can be created.



Aaron Porrey, water jet operator, carefully watches the machine's progress as the water jet cuts a steel part.

Centerline Machine

company management to make sure employees feel their input is valued and encouraged. "Because Lean Culture starts at the top, we focused on the leadership team and changed the way we interacted with employees in order to enhance employee engagement," said Leiby. In addition, the company made some personnel changes at the executive level to ensure that management commitment was 100%. "The change in the company has been positive and dramatic," Leiby said. "Commitment to Lean Culture is one of the essential qualities we require in any new employee, and it has been a huge part of why we have been so successful in the past few years."

As part of the Lean Culture initiative, periodic planning meetings were instituted to establish long-term goals and set up specific projects to meet those goals. Those goals are posted in the conference room as a continual reminder of what the whole company is working toward.

"The changes I've seen over the past five years at Centerline have been amazing," said Moore. "Centerline is still a job shop, but the mix of customers has changed, and the volume has increased dramatically. Their ability to machine precision components and quickly develop prototypes has made Centerline the supplier of choice to many manufacturers in Wisconsin and northern Illinois, including many large original equipment manufacturers (OEMs)."

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Charlie Leiby

President, Centerline Machine

Taking Lean to a New Level

Centerline's latest project with WMEP has been an Enterprise Business Transformation project that helped them focus on managing growth. The positive outcome of this project is reflected in the firm's triple-digit annual growth rate. In addition, WMEP has helped Centerline implement the A3 approach to strategic planning. The A3 is a structured approach to problem solving where the problem is analyzed and all relevant information is recorded on an 11x17 piece of paper in a specific set of categories. This allows employees to assess and analyze the issue or strategy in its entirety, by having all of the key points in one place. "Centerline's use of the A3 tool demonstrates how strategic planning is a structured, repeatable process that has clear goals and outcomes," says Moore.

Because of the company's A3 planning process, Leiby was able to confidently make the investment in equipment that gives Centerline the ability to machine complex parts, reverse-engineer parts, and make

Success

new part that fit a customer's existing machinery. In the past two years, Leiby has invested more than \$5 million in purchasing new CNC machines to rapidly produce production parts of increasing complexity.

Skilled Employees Power Success

The production of complex parts within tight tolerances isn't just about having the right equipment. Centerline is committed to employee development by providing on-going training within the company through WMEP, and by a tuition reimbursement program for employees who want to work toward an academic degree or become certified as a machinist. "We encourage our employees to continue their education," said Kip Lussenden, director of operations. "Several employees came to us out of high school and were so interested in the field that they've continued their education and completed the four-year machinists training and certification program".

Finding skilled employees has been less of an issue since the recession, but Leiby predicts that recruitment will become an issue as the economy recovers. Because of this, he works with local high schools and tech colleges to introduce students to the varied and rewarding careers available in the machining industry. "We need to get the word out that careers in manufacturing are interesting, provide opportunity for advancement and offer stability, excellent wages and benefits, and are vital for a healthy economy," said Leiby.



Greg Bowe, first shift machinist, prepares a part for machining in the CNC machine.

Centerline plans to continue its work with WMEP as well – "We've added sales staff to develop new customers," said Leiby, "and we're working toward becoming an ISO 9001 organization with WMEP's help. We hope to complete that certification in the next year, which positions us to better serve customers with a global reach where such certification is critical."

About WMEP

WMEP is a private, nonprofit consulting organization committed to the growth and success of Wisconsin manufacturers. WMEP is a leader in bringing Next Generation Manufacturing best practices to Wisconsin firms to help them achieve world-class performance through innovation and transformation.

For more information, visit www.wmep.org or call 1-877-856-8588.

