

Logistics as a cure-all for spiralling costs

Dr. Acél & Partner stages 25th logistics colloquium in Zurich

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A logistics colloquium was recently held in Zurich (Switzerland)'s Technopark for the 25th time. The event has been organised for many years by the logistics consulting firm Dr Acel & Partner, in collaboration with the Institute of Automated Production, part of the Swiss Federal Institute of Technology in Zurich. This year's theme was «The spiralling costs of energy and raw materials. Logistics as a cure-all?»



Dr. Werner Karlen – COO of Phoenix Mecano
(Photo: Altermatt)

Host Dr Peter Acél welcomed more than 40 people to the 25th edition of his firm's logistics colloquium. In a single afternoon, attendees heard four lectures (35 minutes per talk plus a five minute discussion), each dealing with a very different subject. This year's event was dedicated to the topic of increasing pressure on costs in the energy and transport sector.

One of the four lecturers, Dr Werner Karlen, COO of Phoenix Mecano Management, delivered a talk on a topic entitled «The production and logistics strategy of Phoenix Mecano». The company, which is based in Stein am Rhein (Switzerland), is a global technology company that produces enclosures, electronic components, variable displacement motors and complete system integrations. Phoenix Mecano has almost 5,500 employees on its payroll and generated a turnover of EUR 389 million in 2007.

The Swiss company, which explicitly focuses on niche markets, has production plants worldwide. Phoenix Mecano products, such as its linear drives for hospital beds, are manufactured in China and India, among other places. They are assembled in Hungary before being finally adapted to customer requirements and sold in the USA. Karlen stated that «our supply chain is multifaceted, as our production plants are spread around the globe. However, this makes it extremely complicated from the point of view of logistics.»

In earlier times, Phoenix Mecano produced its goods in Switzerland and Germany. In recent years however, the company's manufacturing plants have tended to migrate to low wage countries such as Tunisia, Romania and India. This relocation of factories gave rise to a number of problems. For instance, the firm found it increasingly difficult to adhere to the delivery deadlines that it had agreed on with its customers. As a result of the complicated production structure with decentralised plants in every corner of the world, and the time-consuming subsequent processing, as well as the large number of own sales companies, the need for a situation analysis of the logistics processes arose. It would address stocks of raw material and finished goods, warehouse handling, logistics costs, staff in the logistics sector and special shipments. The survey led to a reduction in the number of finishing locations and a decrease in the range of standard products. In addition, approximately 20% of the production was outsourced to external manufacturers, demand planning was improved and IT interfaces were implemented.

Complex supply chain

Phoenix Mecano's enclosure division manufactures housings (for wind power generators, for example) out of aluminium, plastic and fibre-glass strengthened polyester, as well as control panels for machinery, suspension systems and membrane keyboards. The company's mechanical component division produces aluminium profile assembly systems, positioners, industrial terminals and linear drives, as well as variable displacement motors for a wide range of applications, from automotive construction to the home and hospital care sector (motors for skylights and hospital beds, for instance). The Elcom/Ems division specialises in the production of coding circuits, membrane keyboards including construction elements, plug-and-socket connectors, printed circuit boards, electronic coin checking systems and electronic order development.

Karlen said that the general public was usually totally unaware of the commodities that Phoenix Mecano manufactures, as they never reach end consumers. Phoenix j Mecano only delivers its products to original equipment manufacturers (OEMs) or to suppliers of supplier firms.

Measures to solve location problems

Other speakers at the logistics colloquium in Zurich included Marco Arrigoni, CEO of the office supplies manufacturer Biella Group, Robert Schneider, manager of the piping systems division at Kabelwerke Brugg AG, and Gottfried Neuhold, an executive from the City of Zurich's disposal and recycling service (ERZ Entsorgung + Recycling Zürich). Neuhold gave a talk on steady improvements in price and performance management. He said that for taxpayers the overall costs for most categories of waste in the city of Zurich had sunk by more than 50% per tonne, compared to the original price, in the last decade. ERZ, which is responsible for the collection of solid and liquid waste, as well as its recycling and disposal, employs around 870 people and is the largest division of Zurich's public works and disposal department.

Marco Arrigoni spoke about a method to solve location problems. Up until 2004, Biella produced its office files in Switzerland and Austria. With the aid of logistics costs simulations, Biella then decided on a combination of locations in Switzerland and Poland.