

STAUFEN.

A BREATH OF FRESH AIR



AERZEN

Mechanical engineers
from Lower Saxony
provide a soaring
example of lean
transformation.



The hamlet of Aerzen, tucked away in the Hamelin-Pyrmont district of Lower Saxony in Germany, is familiar at best to natives from the region. And to experts in machines that convey air and other gases – basically giant air pumps. Aerzen is home to one the global leaders in this field and the company's name is a proud declaration of its origins: Aerzener Maschinenfabrik, or Aerzen for short. For 150 years, Aerzen has been producing compressed-air and process gas technology. For decades, its products and solutions have been integrated in applications including pneumatic transport, pressure ventilation of biological wastewater treatment systems, or drinking water treatment on cruise ships. Complex, high-tech machines worth millions – and appreciated around the world.

Yet like all firms, this family-owned company with over 2,000 employees worldwide can look back on both positive and not-so-positive periods in its history. Since the turn of the present century, sales have seen a strong increase, as Aerzen decided to expand its global presence. Processing these international orders, however, became increasingly complex and ultimately led to serious issues, since the company's structures and culture had not kept up with corporate growth. The result: major problems, for example in meeting delivery deadlines. In 2014, management finally decided to "pull the ripcord" and initiate a process that would fundamentally redefine all of the company's structures.

Results from the first pioneer project

Lead time in assembly pilot:

–40 %

Technical malfunctions in production pilot:

–70 %

Lead time in order processing:

–33 %

Lead time in logistics pilot:

–75 %



STARTING POINT

150 years: Time for homework, not parties

As a 150-year-old family-owned company, maintaining a solid position as an industry leader and a top global player takes determination and courage. That includes the courage to transform. After fifteen years of strong international growth, it was time to make changes at Aerzen. The Management Board knew that the company's structures no longer provided a viable foundation for the future.

It was also clear that in order to continue delivering excellent quality and consistently meet deadlines, fundamental changes were necessary – a complete overhaul, in fact. New and more efficient workflows, as well as a comprehensive change process, including management culture, would be introduced in all areas of the company.

The challenges can be clearly seen in the area of customer order processing: Before the project began, the average lead time was about 3.5 months, but the actual process time equaled two weeks. The remaining weeks were for taking and clarifying queries, as well as idle time. Now, two years after launching its lean transformation process, the lead time has been cut by one third.



PROCESS AND SOLUTION

See. Learn. Act. Live.

Before a transformation project of this scale can be launched, it is important to get the entire team on board. Since the start of the project, 60 percent of Aerzen employees have been reassigned to new departments. That goes to show: Success is only possible when everyone realizes that change is necessary – and works together to get it done. The Management Board is an essential role model in this regard. That's how CEO Klaus-Hasso Heller approached the project, pushing for change at every turn and even undergoing a change process himself, with regular coaching sessions.

“The Management Board is the driver behind this type of transformation. We need to generate enthusiasm for this kind of project among our managers and employees. And explain the meaning of lean, and why we're doing it – in a variety of different situations.”

Klaus-Hasso Heller, CEO, Aerzen

See – learn – act – live. This is the process model that Staufen consultants apply in their work.

See: Projects start with BestPractice Visits to other successful lean companies, like Voith and MTU Aero Engines.

Learn: More than 100 managers are trained in the new management methods. Lean trainers learn how to act as multipliers throughout the company.

Act: Multiple pioneer projects are launched in the area of customized assemblies. The biggest challenge: These projects are all established at the same time. This makes it possible to coordinate all of the steps linked to order processing, and align them with the customer's cycles. Reorganizing a company based on value streams means removing functional divisions – order entry, engineering, procurement, assembly, and logistics are now all aligned with the value stream. Departmental thinking and typical issues in interface management become things of the past.

Live: Employees and managers need guideposts and orientation during the change process. And change needs to be sustainable – new ways of thinking and doing need to stick. Management systems provide the foundation for long-term future development. Shop floor management along the entire product value stream helps improve communication, detect problems more quickly and transform them into sustainable solutions.

RESULTS

Fresh new energy at Aerzen

Strolling through the production halls with their clocked/synchronized/balanced assembly and logistics, many changes implemented at Aerzen since 2014 are readily apparent. But there's also more than meets the eye: Over 2,000 employees worldwide now engage in a new culture of communication. Today's employees are more open in their communication and trust the problem-solving skills of management and the entire company.

In the initial pilot projects, problems with delivery performance were drastically reduced. Following lean implementation, lead times have been reduced by one third; the number of technical malfunctions was reduced by **70 percent** and overall productivity in the pilot areas increased by **20 percent**. Aerzener Maschinenfabrik can now process a considerably larger quantity of orders with the same number of employees, and has secured its growth capacity in the world market.



“Lean transformation has been pivotal for us at Aerzen. It will help us maintain our leadership position in the global market. That’s our ambition and our clear goal.”

Klaus-Hasso Heller, CEO, Aerzen

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