



IKI Manufacturing

<https://www.ikimfg.com/>

Industry



Chemical Product and
Preparation Manufacturing

Employees

250

Headquarters

Wisconsin, USA

LYNQ MES AT IKI MANUFACTURING:

LYNQ MES HELPS CONTRACT MANUFACTURER CUT INVENTORY BY \$4 MILLION IN 6 MONTHS

LYNQ MES enabled IKI Manufacturing Co to regain control of production, processes and supplies that had been disrupted by Covid19-related supply chain issues and, although it is not an inventory management system, cut stock levels by millions of US Dollars and avoid crippling cashflow pressures.

IKI Manufacturing, which was established in 1955 in Edgerton, Wisconsin, by husband-and-wife team Stanley and Marilyn Midtbo, is one of the longest-established, continuously operating companies in the USA's aerosol industry. It remains family-owned and controlled; the current CEO, Andrew Walker, is married to the founders' grand-daughter. It occupies two locations in southern Wisconsin and has in excess of 200,000 square feet (18,600 sq m) of laboratory, manufacturing and storage space.

IKI has focused on specialized product areas and has developed first-class technical and customer service to support them. It has particular competency in hazardous, flammable and difficult to fill products, as well as Environmental Protection Act (EPA) registered and other products that require a high degree of technical and regulatory oversight.

So, why did IKI choose LYNQ?

Big three reasons

"There are three really big things that justified buying LYNQ MES software," says Andrew. "The first one is inventory reduction; that is pure cash in our bank account. The amount we have liberated has been massive for a company our size.

The second is on-time delivery. The number one thing our clients care about is: did we set a due date and did we meet it? With LYNQ MES, we can give our clients transparency. I just have to go to LYNQ, click a button and hand the schedule to my customer. That transparency is vital; it enables us to be honest and for our customers to see that we are being honest with them."

The third factor is that LYNQ MES has enabled IKI to clearly identify those customers it really wants to work with – and, on the other side of the coin, those accounts that don't make financial sense.



“I did a simple 80:20 exercise,” he explains. “We had several smaller clients – not necessarily smaller companies – but accounts that were impossible to scale. We had to be honest and say that we weren’t going to be a good contract filler for them anymore. As a business LYNQ MES has enabled us to identify the work that is profitable, what is less so and to focus on the areas where we are making most money. We can plan so much better.”

“transparency is vital; it enables us to be honest and for our customers to see that we are being honest with them.”

Andrew Walker -
CEO

Manual adjustments: time-consuming, inaccurate, inconvenient and expensive

The problem IKI faced was that even slight amendments to a schedule would trigger lengthy, time-consuming, manual adjustments. A change to just one order would require that every piece of work that was scheduled after that start date would have to be manually amended.

“Our schedule is changing a lot because of disruption in the supply chain, which has become pretty much commonplace during the Covid-19 pandemic,” he explains. “The manufacturing operations management or manufacturing execution software available, that had the potential to automate these amendments, didn’t make sense for us. We are a 250 employee company, not 250,000. LYNQ seemed to make really good sense for IKI at the stage the company is at and would compliment their use of their ERP solution.”

Coping manually with supply chain uncertainty was having a crippling effect on the company’s inventory. Stock would be ordered for anticipated production but a delay to just one component could hold up the entire process. The company would have five of six components in the warehouse and be billed for them, while awaiting the final piece. IKI saw its inventory balloon from around \$7 million to over \$14 million. It was in danger of running out of cash.

The need for modernization

Andrew was recruited into the company in 2018, after nearly 20 years with government and private IT and software organizations, including a company he co-founded. With experience of Big Data and analytics, he knows about IT management solutions. What he found at IKI was a very old ERP. He quickly determined that an upgrade of the existing system was pretty pointless; any bolt-on solutions would be difficult to integrate and expensive. He determined that IKI had to start afresh.

Andrew called LYNQ and discussed what it could offer. He found that production changes could all be automated, saving huge amounts of time, introducing flexibility and agility into production and put IKI back in control of its operations. The flexibility and automation LYNQ MES enabled meant that production could be balanced against available stock, changes could be done quickly and processes could be made adaptable.

“What we found is that scheduling is the foundation for the entire house,” says Andrew. “I decided to focus on scheduling first, confident that other things would then follow automatically; that we could address the excess inventory problem and bring it under control.”

IKI Manufacturing

<https://www.ikimfg.com/>



Variety, specialization and agility

IKI provides aerosol filling services under contract to well-known brands of bug sprays, industrial applications, adhesives, lubricants, automotive and other non-personal care products. Its primary market is the USA but it also exports to Latin America and Europe. With a current payroll of 230 employees, it produces around 80 million filled cans a year, ranging in size from three fluid ounces to 20 (one Imperial pint), or from five to 568 milliliters. IKI intends to expand and expects to have 250 employees by the end of 2022.

“Our differentiator is our ability to produce a variety of products and to fit specialty components, such as special actuators, for example,” says CEO Andrew Walker. IKI currently serves more than 100 customers providing over 400 distinct SKUs, manufactured on six production lines; three high-speed and three specialty. Other final packaging lines are run by associate and partner companies.

Production lines are shared between multiple customers and products. Andrew says that the mix of products, sizes, final packages and labelling means that scheduling has been a challenge for some time.

“The variety of SKUs adds complexity. If we were dealing with a vertically-integrated brand and making just a single product, over and over, we would have the economies of scale that come with that,” he explains. “We have to be able to manufacture at speed to achieve the price point customers want but we also have to be able to change over quickly to different SKUs. Changeovers take time; downtime makes no money.”

IKI’s customers want to differentiate themselves and product line by can design and color. The contents may be identical but the can size, dimensions and external labelling can all be different. While some cans come from Asia, the majority are sourced from US-based manufacturers, mostly within two hours’ truck drive. They can arrive as blanks and be labelled at the IKI facility or be pre-labelled. They can be made of aluminum or steel and be small or large diameter. Filled and finished cans may be packed in groups of four, six or 12, or in a specialty display.

Managing production requires accurate procurement and supply of the correct components.

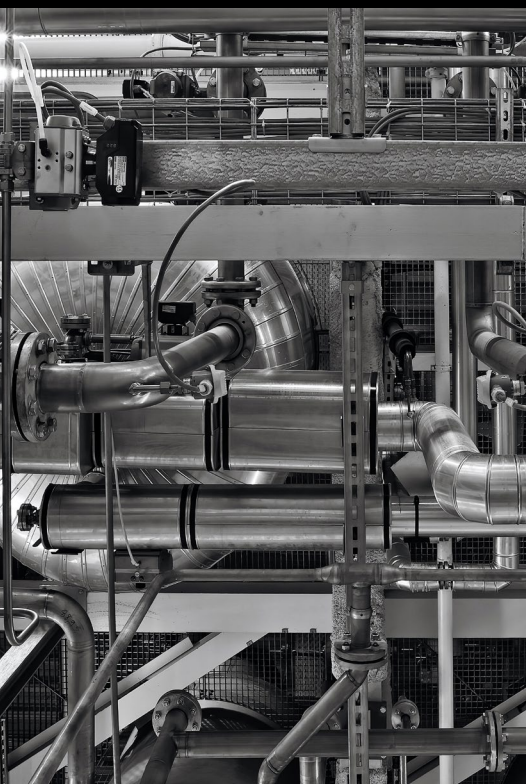
“There are, typically, six or seven components that go into making and filling one can,” says Andrew Walker. “It requires very fine orchestration to align procurement and scheduling.”

“We switched on in March 2021. Six months later, we have reduced our inventory by \$4 million and it is still falling. That is money that has come straight back into the business.”

Andrew Walker -
CEO

IKI Manufacturing

<https://www.ikimfg.com/>



Automated agility

IKI changed its production from rigid, first-in-first-out scheduling based on the order in which orders were received, to one that would be structured according to available stock. LYNQ made it possible to automate what had previously been an exhausting manual process. Andrew Walker arranged for a flexible approach, which would have less urgent orders, with complete inventory ready to go, available to flex production. If a component, or steel, or anything at all didn't arrive in time for a particular order, one of the 'gap-fillers' can be brought in to maintain output and keep the operation running, both in production and financial terms.

"Our customers are happier because they are getting things on time. We have increased transparency into what the schedule is. Everything is getting better," he says. The financial improvement is little short of stunning.

"We switched on in March 2021. Six months later, we have reduced our inventory by \$4 million and it is still falling. That is money that has come straight back into the business."

As well as cutting down the time spent on manual intervention, automating schedule changes has reduced the opportunities for human error. LYNQ has also boosted transparency, both in production and in improved communications with customers. IKI can more accurately monitor production and why an order could be turning out 6000 cans/hour one day, then 7000 on another, or 5000 another time: it's to do with staffing and sizes. Resource planning is now, as a result, much more effective. It is able to advise customers quickly if there is a delay and give them time to let their retail outlets know and make adjustments as appropriate.

"[our customers] have all said that, since March, IKI has become much easier to work with. Everything now goes much more smoothly."

Andrew Walker -
CEO

Andrew Walker is quick to praise the support he received from Nuno Rupino and the LYNQ team. "Nuno's been amazing, always been really really helpful. He took the extra time to make me a super user and I'm now able to train the rest of the team."

"The crazy part is when I tell our customers and our vendors what we went through, over about 18 months to March 2021. They are quite astonished – but they have all said that, since March, IKI has become much easier to work with. Everything now goes much more smoothly."

Asked if he would recommend LYNQ MES, Andrew Walker laughs and says "Not if they are competitors! We have achieved a technology lead; we have accurate BoMs, we can monitor production more accurately and that has an impact on our bottom line. We know we are only using about 20% of LYNQ MES' capability but we are happy with that – for now. We are confident in the knowledge that we will be able to scale, as we need it and without putting pressure on ourselves."

LYNQ