

# COMPANYCONNECTOR

A regular update of company news and views **Issue21** | September 2009



## Management message

**Skellerup staff should be proud of their achievements this year as the company has come in above forecast with both industrial and agri contributing.**

AFTER RECORDING AN EXCELLENT above budget first half, the full year net profit after tax came in at \$9.7 million.



This is down on last year's figure of \$10.7 million but in the current economic climate that was to be expected. This figure reflects our continuing operations before

abnormals (ie: the figures do not include the recent divestments or abnormals totalling \$750,000).

Both the industrial and agri divisions had been growing nicely ahead of the recession but unfortunately took a knock during the

global economic storm and slower trading conditions. The results were better than forecast in March, but below budget for the second half of the year. The industrial division, which relies heavily on the US and European markets, was particularly hard hit as the global recession impacted those regions more severely.

There is a sense in world markets that the recession has bottomed out and we are slowly starting to see this reflected in our economic returns. While there was a huge drop off in January and February, the figures are improving, however the tough times aren't over just yet and we anticipate another very challenging 12 months ahead of us. The good news however is that the figures do indicate a trend towards healthier trading although we are forecasting a net profit after tax of only \$7.1 million for the 2010 year.

It's always difficult to remain self-motivated in a depressed economy so we

would like to thank you for your loyalty and hard work. Our recent achievement is due largely to the committed efforts of our staff across Skellerup. As a company we will continue to invest in our product, process and market development despite the gloomy forecast. The economy may not be booming but we are not pulling back on anything that will stop us from achieving our goal to be a world leader in the technical polymer and vacuum pump markets.

**Donald Stewart**  
Managing Director

**Skellerup's new Quatro gumboot has only been on the market a few months but its high-tech design and innovative features are being noticed. The Quatro was nominated as a finalist in the annual Designers Institute of New Zealand's BeST Design Awards. The winners are announced at a gala function in Auckland on 16 October.**

[www.bestawards.co.nz](http://www.bestawards.co.nz)



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# Teamwork helps DEKS to two year record

Good ol' fashioned teamwork and watching out for each other has seen DEKS chalk up an enviable record within the Skellerup group. The company and its UK subsidiary have gone two years without a Lost Time Injury (LTI).

"THERE HAS ALWAYS BEEN A VERY GOOD HEALTH AND SAFETY awareness in the company, says DEKS Process Manager, Jason Hazard. "Even before Skellerup took over, people within the company pushed health and safety to the fore. This was a springboard for the KEA (Key Elements Assessment) audits which have strengthened and guided the culture even further."

But, says Jason, who oversees the company's safety policy, you can only do so much by writing policy and procedures.

"The staff have to be committed to the process and buy into it, which is what's happened at DEKS. There is a strong ethic here of looking out for other people. If someone sees something that is not right

they address it there and then."

Jason says that being two years accident free in the business unit equates to 184,000 working hours without incident.

"That's also the equivalent of one person working accident free for 100 years."

The achievement is made even more significant by the fact that during these two years DEKS has undergone significant changes. It's moved premises, dismantled machinery and outsourced some manufacturing. "All these factors significantly increased the potential for risk," says Jason. "It's been a very dynamic work environment which heightens the value of what we've achieved."



## HEALTH & SAFETY HAPPENINGS

A CONDENSED REPORT OF THE January – June 09 incident analysis report is out and has been sent to all sites that contribute to the Mango health and safety system. The report is a snapshot of the incidents and resultant injuries that occurred over the six month period.

Health & Safety Advisor Andy Anderson says the general results are very

impressive showing a reduction in the TIR (Total Injury Rate) figure. "There is also a positive trend in KEA audit results and a lower incident trend than the previous financial year."

He says the challenge now is to keep improving on these results. "We should be aiming for a culture of continuous improvement generally."

CONGRATULATIONS GO TO Andy Anderson for his recognition as a New Zealand Safety Council Accredited Safety Auditor. There are only about 30 people in New Zealand who hold the qualification despite hundreds of people having done the training over the last six years.

## SAFEMATE AWARD

THERE WERE A LARGE NUMBER OF NOMINATIONS FOR THIS quarter's Safemate awards. H&S Advisor, Andy Anderson says it's rewarding to see health and safety becoming such an integral part of the culture of Skellerup.

"Praise needs to go not only to the people who were nominated but also to those doing the nominating for taking notice of the efforts being made."

Due to the high number of nominations and the challenge of choosing from among them, the H&S department decided to go with a winner for each month.

June – **Kevin Giles (Masport - USA)** – Carried out a thorough fire extinguisher safety training session for all MINC employees, including a full time contractor.

July – There were nominations for:

**Nathan Nevard (Ultralon)** – Providing an extremely high standard of risk identification to a fellow colleague as part of the induction to a new area that the colleague was working in.

**Colin Burt (Woolston)** – Ensured that new equipment within the silicone room provided safety protection to any potential users.

Colin developed a sliding lumbar activation bar on the new mill that took into account the ergonomic issues around safety.

**Dayne Wipou (Ultralon)** – Identified that the current safety on the 35 litre kneader machine within Ultralon could be improved by the addition of a safety switch.

**GP Dhillon, Paul Lemanu & Koko Tuiloma (Rubber Services)** – Reacted quickly to prevent a fire on an injection moulding machine.

**The winner was Corey Radford (Ultralon)** who realised that the stop button on the newly commissioned slitter machine could not be reached by the operator from the normal position and asked for a new button to be fitted to ensure safe operation.

August – **Sharon Saunders (Ambic – UK)** – Identified an O ring within the new button gun that was both difficult to fit and did not produce a satisfactory product. A new O ring was trialled, this made the job of fitting the ring easier and despite the part being more expensive reduced the overall cost of assembly.

**Congratulations to all our Safemate winners and thank you for the efforts you have all made towards ensuring a safe working environment for your colleagues.**



Kevin Giles (left) undertakes fire extinguisher safety training with Bob Brehm.



# Woolston heading for greener future

With an eye to the future, Skellerup's Woolston site is focused on keeping its operating practices as environmentally sustainable as possible. The site is well on the way to obtaining the Environmental Management Systems (EMS) rating AS/NZS ISO 14001:2004. This is an international standard that allows organisations to design a framework to measure, contain and manage their environmental risks and liabilities. The system is externally audited by an international accredited certification body.

ENGINEERING, ISO Q & EMS MANAGER Nick Steel says the goal of the system is cost savings and a reduced environmental footprint.

"Over the coming months we will be rolling out a programme of environmental awareness training that will give everyone at the Christchurch sites a better

understanding of EMS. All Woolston and Curries Road staff will be trained on EMS."

Training will involve understanding the costs to the business and environment of electrical/power usage, landfill waste and water usage. Nick says that targets will be set to reduce all these areas.

"We will be raising environmental thinking around the site and developing ideas for minimising our impact on the environment. Ultimately the goal is to save resources by reducing the energy used, and at the same time save Skellerup money while being as environmentally responsible as possible."

The EMS programme follows an earlier successful joint initiative with the Christchurch City Council that achieved significant waste reduction, water and energy efficiency for the Christchurch site.

This programme included moving the mixing of rubber batches that require high energy usage onto the night shift to reduce the energy load, replacing electric motors with

soft-start motors, recycling, and things as simple as fixing leaks in compressors.

"We found that a single 3mm hole creates an air leak that costs about \$700 a year."

Nick says these initiatives are not just about making money.

"They have created a great respect among the staff and an attitude throughout the company that we must care for our resources and environment."



Nick Steel, Engineering, ISO Q & EMS Manager, with unused pallets that are removed at no cost to Skellerup by a neighbouring business for use in its wood-chip fuelled boiler.



Innovative recycling measures have reduced waste being sent to the landfill by the Woolston site by 25 percent – that's the equivalent of a nine cubic metre rubbish skip per week. The target this year is a further 50 percent reduction on current landfill savings.

## Improvement stats on the up

The team in the Continuous Vulcanisation department at Woolston is still surging ahead with its Continuous Improvement programme.

THE LIST OF COMPLETED IMPROVEMENTS IS GROWING EVERY week, as is the list of new ideas for other projects. Even though demand for milk tubing is a little less than previous years, production statistics have never been so positive. The team has made huge steps toward improving machine uptime and reducing waste. More recently, the team in the SIMS department kicked off its own Continuous Improvement programme. Production Manager Darren Davies says "Even at this early stage there are changes being made that are having a positive impact on our processes, quality and working environment. Keep up the good work!!"



The SIMS team (from left) Malcolm Deeming, Kim Robinson, Darren Davies, Peter Currie, Alan Smith, Philip LeCren, Maurice Jarden, Jozef VanDijk, Oleg Budayev, and Andrew Burgess.

## Telecom brings Skellerup up to speed

Following a 12 month review of various telecommunication suppliers, Skellerup has agreed to use Telecom as its preferred New Zealand supplier.

JONATHON REUBEN, INFORMATION SERVICES MANAGER, says staff using a range of different providers has meant extra work in terms of duplicate billing and administration.

"Telecom was selected on its ability to provide consolidated services beyond just the normal landline and mobile offering as well as improved savings," says Jonathon.

"The launch of Telecom's much publicised XT Network was also a key feature with improvements to the speed of data. This means data/traffic using this network will simply get faster."

Jonathon says over the next couple of months New Zealand staff will transition from their existing providers to Telecom. New phones will also be introduced.

"Given the nature of mobiles available in the market, some are simply not commercial devices and cannot talk to our business systems for email, calendar and contacts. All devices being introduced to NZ businesses will undergo rigid tests to ensure they can be used primarily as a business tool."

# Focus on Rubber Services – Product Development Unit

Next year new model Jeep Cherokees for sale in the United States will feature an innovative product developed in conjunction with one of Skellerup's New Zealand teams.

THE RUBBER SERVICES PRODUCT development unit has successfully developed a two material plastic bush that fits into Gulf Rubber Australia's centering bush for vehicle drive shaft systems. Product Development Manager, Shaun Spacey says the team spent over two years on the project because of its many challenges.

"As well as the part being of two different plastic materials, the tolerances and dimensional stability required were extremely tight," says Shaun.

"We are currently working on the production tooling for this product and will be looking at fully automating the production cell using an ABB six axis robot complete with an innovative vision inspection system."

Until recently there was only one company globally manufacturing this type of product, but Gulf Rubber Australia and Rubber Services are now offering some strong competition.

"We are also working on bushes for Mercedes, BMW & VW."

The development unit includes the team of design engineers, Stephen DeGroot and

Richard Ng, works engineer Grant Coghlan and lab technician Prakash Patel, who were previously connected to Gulf Rubber NZ.

The team focuses on the design and development of plastic and metal components that are then overmoulded with rubber.

"We work in all industries," says Shaun, "but there is a focus on automotive and plumbing products. Historically the plumbing industry has always used brass products so we've been working on finding plastic replacements that work successfully in those environments. Plastic and rubber have to work in hot water as well as meet the environmental standards or water regulations which differ between countries.

"The work we do is focused on delivering unique solutions to global customers. We take customers' existing parts or concepts and then either change the design or create a new product with the aim of reducing costs and improving performance."

The team is also working on the production of a new backflow valve for Swiss customer, Nussbaum, a 106-year-old fourth generation manufacturer of drinking water systems. "They currently use brass and steel rubber washers that are hand machined and assembled. We have developed a plastic valve that is fully assembled and will replace their existing nine part unit."

The team is also working with Tumedei and one of its customers to develop a

filter seal that has a sealing element on both the outside & inside diameters.

"Being linked to Rubber Services ensures we have both rubber and plastic knowledge under one roof. We are able to take a design from conception to commercialisation and this really differentiates us from other companies globally," says Shaun.



The Rubber Services Development team (from left) Richard Ng, Grant Coghlan, Shaun Spacey, Steve DeGroot and Prakash Patel.

## STAFF PROFILE: Shaun Spacey

Lifestyle move brings plastics expertise down under



A LIFESTYLE CHANGE was behind a move to New Zealand from England for Rubber Services Product Development Manager, Shaun Spacey and his wife, Karen.

"I worked as a production manager and it was so stressful that we really needed a change of lifestyle. We wanted to start a family and what better place to do that than New Zealand."

Shaun runs Rubber Services' five-man product development team and is responsible for overseeing the business unit.

"I have found my perfect job – developing cutting edge products and getting to work with the latest technology," says Shaun.

"I am the one who has to keep an eye on budgets and targets and lead a multi-skilled team that designs and manufactures

everything from backflow valves and centering bushes to filters and rubber overmoulds.

"Everybody here has to multi task so while I have a background in plastic moulding, we do everything from developing design concepts to manufacturing production systems."

Shaun says the work is rewarding because just when you think a project is going to take forever, everything falls into place. "I get a real high from delivering a unique product."

Most of Shaun's spare time at the moment is taken up with family life as he and Karen now have nine month old Ruben to look after. "When it comes to relaxing, I like to go kayaking and sailing which is something we never did in England. I also like going out on my mountain bike."

About a year ago Shaun was back in the UK briefly on business and while it was great to catch up with friends and family, he says "I didn't really feel like I belonged there anymore. We spent 18 months on the challenging process of moving to the other side of the world, but after being in New Zealand for two and a half years we now have our own family home in the small rural town of Waiuku. Life is great. We really did the right thing coming to New Zealand."

# New silicone dairy tubing leads the way

Dairy NZ is once again at the forefront of innovation thanks to its revolutionary new silicone formulated dairy tubing.



The new SilcPlus dairy tubing

THE NEW TUBING MAKES IT possible for farmers to see the milk that leaves the cow and easily identify when the cow is milked out.

Dairy NZ Manager Perry Davis says the advanced silicone formulation also allows for a longer life in the cow shed.

"The new generation SilcPlus silicone tubing has a tougher inner surface and is designed to resist

splitting, lower absorbency of milk fats, hold onto fittings better and remain clearer for longer," says Perry.

He says the silicone is 10 times more split-resistant than normal silicone dairy tubing.

"SilcPlus has been designed with the tough New Zealand dairying conditions in mind. It has to stand up to concentrated chemical cleaning regimes and fierce ozone levels." The new silicone tubing is available in cut lengths of 1220mm and 20m coils of varying internal diameters to fit most dairy operations.

Despite pessimistic forecasts for dairy payouts, Dairy NZ is pleased to report that the business unit is up 10 percent on its budget for the month of July.

## New look for Skellerup Distribution

Change can be disruptive but Skellerup's Distribution Centre recently managed to change transport providers and relocate its warehousing with very little, if any, impact on its customers.

SUPPLY CHAIN MANAGER JAMES MAKONI SAYS THE expired lease on the Hamilton warehouse advanced a decision to look at changing the company's overall warehousing structure for the NZ-based dairy and footwear business units.

"It was an opportunity to ask whether it would be possible to supply nationwide from Christchurch. The decision to consolidate warehousing was not a response to the recession; it was about ensuring we provided our customers with superior service while having systems in place to allow us to cope with very high seasonal demand in the May-August period."

James says the move went smoothly thanks to some excellent teamwork that was overseen by Distribution Warehouse Coordinator Tony Price.

"Before anything happened we made sure we had all the resources for the dispatchers to be able to dispatch faster as I knew there would be an increase in the amount of order lines going out," says Tony.

"Unfortunately the closure of the Hamilton warehouse saw the loss of five jobs and we were sad to say goodbye to Glens, Penny, Rod, Robina and Hemi. The HR team worked

with everyone to ensure they got the support they needed as they searched for new opportunities. We thank them for their commitment to Skellerup and for the very professional way they handled the changes," says James.

The move coincided with Skellerup's busy season and having to distribute nationwide meant the warehouse went from processing an average of 200 – 300 lines a day to nearly 800. At its busiest over 1500 lines were being handled a day.

Tony says excellent communication preceding and throughout the process meant the warehouse team was fully briefed on what was happening. "There were no surprises and everybody understood the workload would be much greater."

He says that although key employees are allocated to specific roles to check and put stock away as it comes in, the team is multi-skilled and everyone can pretty much do everyone else's job.

"I was really just the facilitator. The team are the ones with the tools and training that did the job and without their efforts it wouldn't have happened."

Tony says the changeover ran so smoothly customers didn't know anything was different.

"The biggest challenge for us was getting the correct orders out all the time. It's a very manual process. You have to rely on everyone to get it right so the customer gets what they ask for. For them not to notice means people are doing their jobs well."

James says Skellerup also used the opportunity to review its transport contracts and decided to change providers to Mainfreight.

"That process also went effortlessly which reflects the depth of knowledge and experience of the staff in the warehouse," he says.



(Front row from left) Mike Wells, Allison Barry, Michelle Eden, James Labrum, Scott Mason, Sandy Foster. (Back row from left) Tony Price, Cath Black, James Black, Kevin Munday, Greg Hambrook, Rikki Harmon (Temp) (Absent: Luke Van der Veen)

## News in brief

### Red Bands keep RDA volunteers dry

VOLUNTEERS WHO HELP OUT AT NORTH OTAGO'S RIDING for the Disabled (RDA) are looking forward to drier feet and less mud in their cars thanks to a donation of Red Band gumboots from Skellerup Footwear.

"We have over 60 riders so our volunteers spend hours and hours walking around very muddy paddocks especially in winter," says RDA president Fiona Hanson. "Having the gumboots has made life so much easier and more comfortable for all our volunteers. There's not so much mud being tracked around inside buildings and into cars. Skellerup Marketing Coordinator Deborah Allan says Skellerup values the opportunity to sponsor worthwhile projects such as RDA which next year celebrates its 30 anniversary. "RDA helps some of the more vulnerable members in our community and they do this in the rural environment of which Skellerup is a part. We feel this is one way we can give back and support the people who are doing such worthwhile volunteer work."

Fiona Hanson says RDA is not just about putting people on horses and leading them around the paddock a few times. "Riders learn about balance, head control, muscle strength, tone and eye/hand/foot control. The aim is to learn equestrian



*Some of the volunteers at Riding for the Disabled in their brand new Red Band gumboots.*

skills which can be transferred to training and rehabilitation. Riding and interaction with horses motivates people to achieve independence and personal goals."

### Gulf Rubber GM enjoys first win

GULF RUBBER GENERAL MANAGER SCOTT THOMPSON was in the winner's circle at the Eagle's Farm racetrack in Queensland recently when his horse Captain Clayton outpaced the competition to win the three year old maiden handicap 1000m.

It was his first win as an owner for Scott who owns the horse in partnership with Skellerup Holdings Director John Thompson and Skellerup Managing Director Donald Stewart. Captain Clayton was named after Ginger Clayton who previously captained the Leeston rugby team Donald once played for.

"It was a big thrill to win. We purchased Captain Clayton through a stock agent and always thought he looked a really nice horse," says Scott.

Scott nearly didn't make it to the track, only deciding at the last minute to attend and organised his flights from Sydney to Brisbane while on his way to the airport.

### Skating for silver

A SYNCHRONISED SKATING TEAM FROM CANTERBURY featuring Skellerup Dairy and Footwear Accountant, Cushla Smith, returned home from the recent Australian National Figure Skating Championships with a silver medal.

Cushla is a member of Spectrum, the only skating team from Canterbury to attend the championships. The team was placed fourth in the same event last year.

Despite it being an Australian competition, New Zealand was invited to take part and had one team skating in each grade.

Spectrum competed against the four best Australian teams in the adult grade and Cushla says their hard work paid off.

"The team was training three times a week in the lead up to the event. It was a great competition and New South Wales were very hospitable hosts."

Spectrum, named for the wide range of ages of the team members, now starts training for the New Zealand Nationals which will be held in October in Auckland.



*Dairy and Footwear Accountant Cushla Smith with her silver medal.*

### Planner brings back bronze

SUPPLY CHAIN PLANNER VAUGHAN WHEELER RETURNED from his first Go Kan Ryu (GKR) Karate World Cup Champs in Melbourne recently with two bronze medals, one for an individual event and one for a team event.

Vaughan has been a member of the Christchurch GKR club for nine years and is a first dan black belt. This was his first World Cup event and he competed

in four events (individual and team) in the Open Veterans grade (35-44 yrs). His aim was to get into a final and he actually made it into all four finals coming third in two of them. Over 1300 competitors attended this year's championships.

There's no slacking off for the medal winner however, Vaughan's already practicing for his next competition, the Nationals in Auckland in October and is focused on the next World Cup in the UK in 2011.

