
CHAIN REACTION

A SERIES OF CASE STUDIES ON SASKATCHEWAN'S
INDUSTRIAL AND MINING SUPPLY CHAIN

CMI/DECA/IMM/SMM CONSORTIUM

CASE STUDY # 0 0 7



CMI/Deca/IMM/SMM Consortium: Joining Forces

When a major mining corporation needs a 205-ton machine that neither you nor your competitors can deliver on your own, what's the solution?

While visiting the facilities of Deca Industries one Saturday in 2008, Ian Larner, underground project manager at Agrium Vanscoy Potash, mentioned to Deca owner Francis Nagy that Agrium’s previous vendor was unable to deliver a boring machine as quick as Agrium required, and the only other supplier was too far away, in Europe. Nagy suggested using several vendors in Saskatoon as an alternative. Larner liked the idea, and then suggested to Nagy that he assemble a team to take on the project.

Soon after, Nagy contacted Tom Foster, president of Industrial Machine. “We were competitors, but we trusted and respected each other,” says Foster. “We also understood each other’s strengths, and so we began planning what we would need to fill the order.” Early into their planning, they decided to ask two other local companies – Continental Mine and Industrial Supply

(CMI) and Saskatoon Metal Manufacturing – to join the consortium. After reviewing the technical drawings and coming up with revisions to improve the design, the group submitted their proposal which was approved by Agrium.

“The consortium worked seamlessly from the very beginning, in a big way,” says Nagy. The company principals held monthly meetings which became bi-weekly as the delivery dates drew closer. Agrium also attended the meetings, so the group could hear concerns together and address issues immediately. The spirit of openness extended to each company’s facilities as well, so that employees were welcome to visit to discuss fabrication and logistics. Each company was motivated to stay on schedule. “You didn’t want to be the one falling behind,” says Foster.

The project proved to be an extension of the spirit of working together that had its roots in the formation of the Saskatchewan Industrial and Mining Suppliers Association, where three of the consortium had been among the founding members. “We could always resolve issues face to face,” says Dion Protzak of Saskatoon Metal. “Because the principals were involved, you could make decisions right away. We knew where to access the best expertise for all facets of the project throughout our consortium. We proved how local companies can collaborate and work together.” The expertise assembled by the consortium had depth as well as breadth. CMI’s Delbert Lowe had supplied the first mining borer machine in the province in 1967, when he was with National Mine Service.

By becoming a virtual large company with outstanding talent and leadership, the



Photo courtesy Agrium Inc.

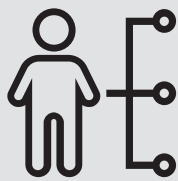




Capacity



Quality



Flexibility

consortium delivered the first machine in 44 weeks and the second in 22 weeks – a total of six weeks ahead of the 72-week delivery time. Not only did they deliver faster, it can be said they also delivered a superior product.

The 40-foot, 1400 horsepower mining borers have a cutting face of 190 square feet. They are now an industry standard, being used in several mines.

“These machines have been the lowest cost and the highest producing machines in our fleet,” says Lerner. “It was a well-coordinated effort from start to finish, including the on-site underground assembly, where they got busy and got it done. There wasn’t any instance of forgetting a part or having to re-work something. They shipped it and it was there.”



Globally, major corporations and individual entrepreneurs alike are adopting new ways of establishing and growing their markets.

The key is agility and flexibility – to be able to expand capacity as needed, and just as easily reduce overhead between peak periods. Through knowledge of and respect for each company’s strengths, four Saskatoon-based manufacturing companies who often compete for business came together to become a virtual large company capable of filling a major order for a mining company.





PHOTO:

From left to right –
Dion Protzak
(Saskatoon Metal),
Trevor Nixon
(Standard Machine),
Tom Foster
(Industrial Machine),
Francis Nagy
(Deca Industries),
Delbert Lowe
(Continental Mine Supply)

Photo: Clark Hertz



“It was a well-coordinated effort from start to finish, including the on-site underground assembly, where they got busy and got it done.”

Once the contract was completed, the consortium partners resumed their normal operations, where again they would compete from time to time, as well as refer business to each other. Dion Protzak calls it “very much a part of the Saskatoon business manufacturing culture,” adding that the relationships are developed through membership in SIMSA. The consortium brilliantly demonstrated the 21st Century way of doing business, where “networks of teams” come together as needed to create the capacity and capability required to meet customer needs.

The consortium also benefitted each of the partners by helping to build their individual capacity. When the mining machines were built, only Industrial Machine had the space to house them. Now, the machines could be assembled at any of the business locations. “We’ve all added buildings and staff,” says Dwayne Howatt of CMI. “We’ve shown how companies can benefit in many different ways through collaboration, and how companies can work together in the future.”

Tom Foster agrees. “Using this model, there isn’t anything you can’t do in Saskatchewan.”



SIMSA is the Saskatchewan Industrial and Mining Suppliers Association, representing Saskatchewan based companies who provide goods and services to industrial projects.

811 - 56 St. E.
Saskatoon, SK
S7K 5Y9

(306) 343-0019

simsaadmin@sasktel.net

www.simsa.ca