

**SOUTHLAND 2000 LTD**

---

**P.O Box 49, Winton, 9622****Phone 03-236 8222,****Fax 03-236 8231****lochieltrailers@xtra.co.nz**

---

Monday 21 April 2009

To Whom it may concern.

Re: Lochiel Trailers Case Study

I had been looking for a job and staff time tracking system ever since I purchased Lochiel Engineering. Then out of the blue Sean O'Sullivan "knocked on my factory door" and said "I have a system which will improve your factory productivity - can I demo it to you?" Sean gave me a quick demonstration and left me with some information and client references to digest. I contacted both the references and visited their workshops, a kitchen manufacturer and a local boat builder, and was very impressed with what I saw.

In the demonstration and visiting the two manufacturer's I could see how Empower would definitely work and was confident Empower would work in my factory. However at the time I was reluctant to proceed with Empower because it meant that as the manager and owner of Lochiel I would actually see for myself and have to admit to myself, and my staff for that matter, that I was running my business poorly. Poorly in that I did not have good systems in place and I had no control on cost over runs and was only guessing on the profitability on our trailers. For me this was a big psychological barrier that I had to get over.

I did proceed with Empower 10 months ago and now we are producing the same number of trailers with a lot less factory staff. Our aim is "to achieve the same amount of trailers with half the number of men". I believe this is achievable and have my staff's buy in on this because they can see the financial benefits to them and me and enjoy the work environment of not employing anyone that can't work to the same times on jobs as my existing staff. We don't carry any dead weight who don't work.

Using Empower we are currently at 70% increase in factory productivity and are well on track to increase factory productivity by 100% within the next 8 months.

When we achieve this aim - 100% gain in our factory productivity will have halved of our wage cost.

Also finally I now have a system of rewarding my most productive staff with a bonus system based on accurate times. That is, where my staff better the budgeted build times set out on Empower they get paid for the full build time (eg. Where I budget 10 hours for a job and where they complete the work in 8 hours - I pay them 8 hours of wages and 2 hours bonus at full wage rate).

With Empower we have witnessed the following:

- 1 Shortly after we went live with Empower, some staff, who were not "performing", decided on their own accord to leave Lochiel. They went to other local factories who do not time track jobs and staff and where they are not accountable for their work and their times.
- 2 Two of my "top performers" actually pressurised me into proceeding with Empower and get it going quickly. They wanted to prove to me and to their work mates that they are consistently the top performers. They also wanted

the ability to achieve higher wages based on their productivity. And I am happy to share some of the additional profit generated by our significantly higher productivity.

3 One good recent example of how Empower works is Chris one of my “top performers”, phoned me from the factory one night ( I did not even know Chris was working late.). Chris advised me that on Empower he has just completed five trailers in six hours each where the budget was ten hours each. This meant that on one job alone, one staff member had saved 20 hours which improved our bottom line profit by in excess of \$1,200. To me and my staff this type of business improvement is very exciting as Chris picked up the 20hr bonus ie he had clocked in for 30 hrs and got paid for 50 and was onto the next job a lot sooner, there was no cost over run and he doesn't keep annoying the hell out of me for a wage rise lately.

4 All my factory staff are now “focused” and finally understand the concept that “**time is money**”. This has shown out in the fact that sales rep's when talking to staff are told to “Piss off because you are costing me my bonus on this job”. And Lochiels productivity “has gone through the roof” as a result.

5 The ability to programme ahead of time the work and jobs to the factory from the front office has made life a lot easier for all staff and factory staff can see from a glance every morning what work is ahead of them. This improvement alone is probably the main reason alone why I am so rapt with the Empower concept.

Needless to say I am more than happy with the investment I have made in Empower. In the future I believe there is a lot more I can further tweak the system to improve productivity and profits and the beauty of Empower is that it lets me delegate a lot of the day to day stuff so I can have time to further “work on the business and not in it so much”.

If you wish to visit my factory or visit the 2 local businesses that are running Empower a lot better than me, feel free to phone me I welcome your call.

Colin Hitchen