MD Volvo Workers Improve Biz

Arnold S. Platou, The Herald-Mail of Hagerstown

HAGERSTOWN, Md. (AP) — It's often said that if you really want to find ways to improve your business, ask an employee.

At its Hagerstown plant, Volvo did ask — and the result is "significant savings," according to company representatives.

At the recommendation of a team of employees, Volvo has stopped leasing its half of a big warehouse near Maugansville and has made space for the parts storage inside its existing plant north of Hagerstown.

The savings on the lease, as well as "all the little components (of expenses) along the way," have made a valuable contribution to the company, said Brandon Borgna, spokesman for Volvo Group North America at its headquarters in Greensboro, N.C.

"In making that change to bringing it within the existing footprint that Volvo has within its Hagerstown (plant), that brings a significant savings to the company," Borgna said.

He declined to say how much money the storage relocation is saving Volvo. He only would say "it's a significant figure."

In the meantime, Volvo's move out of half of the 300,000-square-foot warehouse on 22 acres at 18212 Shawley Drive near Maugansville has left the owner trying to fill the space.

"IMMEDIATE OCCUPANCY" reads the large sign in front of the fence surrounding the property, advertising the 150,000 square feet of space available for lease.

The space is one of the largest available in a warehouse in Washington County now, according to Rodney Judd, senior director at Cushman & Wakefield, the realty company that has listed the space.

"We just got it. I think the prospects are probably relatively good" for securing a new tenant in several months to a year, Judd said on June 22.

"On the outside of 12 months, I think we will find a prospect. There are good loading docks, good drive-ins, office space, the building inside is 30-foot clear (to the roof), which makes it very good," Judd said. And it's close to Interstate 81, he said.

The warehouse, which was built in 1992, is owned by First Industrial Financing Partnership LP of Harrisburg, Pa., he said.

Half of the warehouse is leased by The Roman & Littlefield Publishing Group,

according to Jed Lyons, its chief executive officer. He said Friday that his company recently signed a new three-year lease of its space at the warehouse.

Chris McNally, who supervises the warehouse operation for the publishing group, said about 17 employees work amid the long shelves of books there.

On its side of the warehouse, Volvo had about 18 employees, Borgna said. When that warehousing was moved inside Volvo's 1.5-million-square-foot plant off Pennsylvania Avenue in May, 15 of those workers were retained, but the positions of three others were eliminated, he said.

There are about 1,400 workers at the Hagerstown plant now, he said.

At Hagerstown, Volvo often calls on "white collar and blue collar" employees from various parts of its huge truck engine and transmission manufacturing plant to form teams to analyze ways to "eliminate waste from our processes and, thus, give us cost savings," said Belinda Vinson, a company spokeswoman at the plant.

"We want to be considered and measured as a world-class manufacturing organization, and this is one of the ways to achieve that," Vinson said. "It's such a fantastic thing here. We look to the employees. They know the system best. They're the experts in their work areas."

Through a study process, data is examined to "find out where your greatest losses are. Some of the losses that we saw needed to be attacked were in our material-handling process. And that's what drove the process that I'm talking about," Vinson said.

Recently, she said, the company began a sort of housekeeping action, sweeping out older machines that had been used in production over the 50 years the truck manufacturing plant has been in Hagerstown.

"You can imagine in 50 years the amount of machines and things that stacked up. We've finally removed that," she said.

As that was under way, about 20 employees were recruited to form a team, Vinson said.

"We just knew we wanted to optimize our space, so the team was given the assignment of examining the material-handling process, any losses that we see," she said.

And from that team came the recommendation that Volvo stop leasing the Shawley Drive warehousing space and create a warehouse for those parts in the floor space where the old machines had been, Vinson said.

"We didn't need external warehouse space," she said. "We could take the existing footprint and make it happen here."

Borgna said Volvo does still store some equipment at another warehouse in the county. He declined to say where.

Vinson said the financial savings resulting from creating the warehousing space inside the manufacturing plant is not only the cost of leasing an outside warehouse, but the cost of fuel in hauling the parts stored there back to the plant, as well as eliminating Volvo's expense of utilities at the other site.

"It's all good news," she said. "We had a party celebrating the employees on the team last week. What they did is just one of many things that employees are doing to find ways to improve efficiency."

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