

Case Study 4

Facility Closure

This project happened during my time with Tyco. I was tasked to shut down a facility in the West of Ireland. The facility made and sold lab consumables. The product range was supplemented by a vast range of buy-ins with all sorts of contractual tie ups and counter trade agreements. It seemed to me that the shut down would be the easy part.

The first problem was finding the facility which was in a wilder part of Ireland West of Galway city. The first trip I took was in the winter and having had my Dublin – Galway flight delayed or postponed 3 times I became a firm fan of the train. Three hours in relative comfort from Dublin to Galway and hardly ever held up by the weather.

The plant was indeed old and rundown when I finally found it. There was no hope of a turnaround and the manufacturing clearly had to be shut down.

However there was still a viable business in the lab consumables market which I determined should be preserved if at all possible.

The first thing to do was to separate the sales and logistics organisation from manufacture and establish it in its own location. Luckily there was a warehouse available adjacent to the plant which we utilised as a distribution centre. We were also able to rent a small office local to the warehouse to house the sales team.

Parts made in the factory were subcontracted either to other Tyco plants (an enduring theme of my time with them) to better use capacity and spread the fixed overhead burden or to outside third parties in former soviet block countries.

This and some streamlining and improvements to stock control processes allowed us to consolidate the stock into the warehousing space we had taken on. It's always hard to shut down manufacturing plants and this one was no easier than any other. This part of Ireland has seen more than its fair share of hardship over the years and even the loss of 30 jobs locally was a huge blow. As is typical for Ireland there was a redundancy formula to be followed and, at least, the Irish government have ensured that this is reasonable to persons who get displaced as casualties of the "Celtic Tiger" economy. Even so it's always a sad moment when you give the keys back to the landlord or watch the bulldozers roll in.

I did visit the location about 3 months after the project was finished just to make sure all the loose ends were tied up. I immediately realised a small problem. The distance from the office suite to the warehouse was probably no more than 200m but it was one of the wettest windiest walks I have ever had. It immediately explained the request for the very expensive waterproof clothing I'd been asked to approve a few weeks before and left me wishing that my hill walking gear was not hanging in my wardrobe at home.