CASE STUDY

ACTION TECHNOLOGY
A TEKNI-PLEX BUSINESS

Switching to Action Technology dip tubes solves quality, freight issues for plastic beer keg manufacturer

Quality issues resolved, lead time cut by 50%, freight costs cut 60 to 80%

Action Technology products:

Extruded dip tubes used to dispense beer from a plastic keg

Problem

A manufacturer of plastic kegs for beer, wine, hard ciders, etc., had established production facilities in the United States and Europe to serve both markets. Its product launch had been well received, which resulted in business growth and the development of additional models/sizes. A critical component of every keg is the extruded tube used in the dispensing assembly. The company launched its first plastic keg using one extruded tube supplier, based in North America. Both the European and U.S. manufacturing locations were being supplied from that location.

However, they had experienced some product variance in the tube, including length, OD, roundness, etc. With a shift to a more automated manufacturing process, improving the dimensional accuracy of the tubing was critical to avoid both production and performance issues.

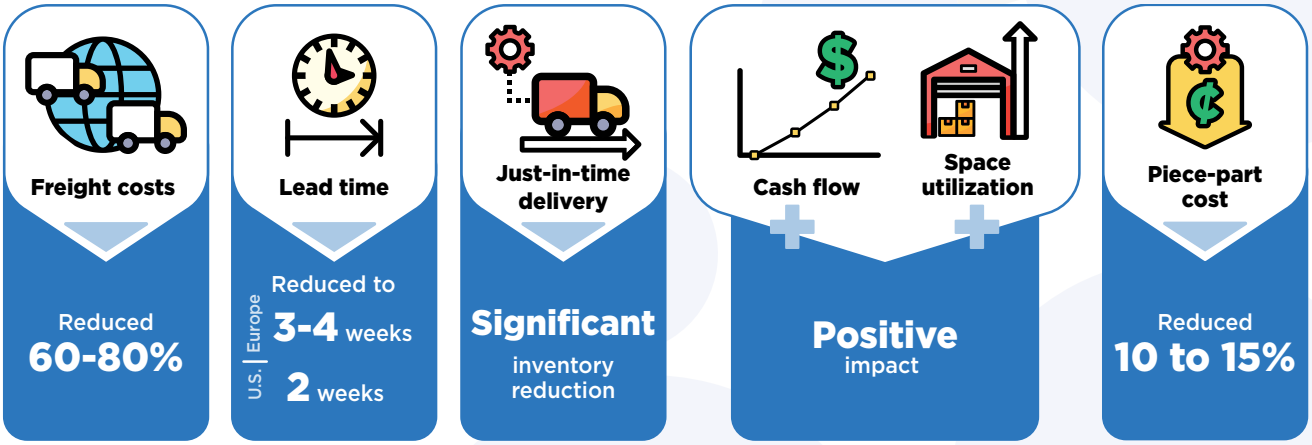
As a result, the company wanted to source identical product in both Europe and United States to meet its performance objectives, reduce overall product manufacturing cost and lead time, decrease its freight costs and improve quality.

Cause

The company experienced minor dimensional variations that impacted manufacturing speed and performance. Because the company was shifting from manually inserting the tube to automating the operation, it expected the dimensional variations to become an even greater issue. Tubing that was even slightly off could impact the proper dispensing capability of the keg.

Additionally, the company was incurring significant freight charges and time delays because its tubing supplier was located in North America. This meant both over water and land freight charges to reach its European manufacturing location. The tubing supplier was also located a significant distance from the U.S. manufacturing facility, further impacting freight costs. Manufacturing lead times were in the six-to-eight week range, not including the shipping time.

Precision dip tubes significantly improve production metrics.



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Solution

The company explained to Action Technology that they needed to partner with a supplier that could make identical tubing products in both the United States and Europe and could do so while meeting quality parameters. With tubing manufacturing facilities both in the U.S. and Europe, Action Technology's production capabilities were perfectly aligned with the keg manufacturer's goals. Further, Action Technology's more than five decades of tube manufacturing experience and quality control methods were exactly what the keg company was looking for to take away its supply problems and reduce its costs and delivery timeline.

Plastic kegs are ideal for beer, wine, hard ciders and more.

Benefit

The keg manufacturer was able to realize multiple benefits by switching to Action Technology tubing. They include:

- Freight costs cut 60 to 80%.
- Lead time for European location went from 6 to 8 weeks, down to 3 to 4 weeks. Orders were delivered within in days vs. weeks for ocean freight.
- Lead time for the U.S. operation went from 6 to 7 weeks, down to two weeks, with next-day delivery.
- Significant inventory reduction due to improved just-in-time delivery capability. Positive impact to cash flow and plant space utilization.
- Piece-part cost reduction between 10 to 15 percent.
- No border crossings to complicate supply chain.
- Significant reduction in downtime, labor and rework.

For additional information, please visit:
www.tekni-plex.com/action-technology

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