Sub-contractor slashes prices by half in five years through investment

Tewkesbury-based sub-contract machinist Helander Precision Engineering has reduced component prices over the past five years by 48 per cent through investment. Responding to overseas competition, managing director George Thompson says investment in affordable, high-technology production equipment, such as Daewoo CNC machine tools from Mills Manufacturing Technology, is the only way he can make sufficient profit on the firm’s offshore and aerospace work.

The problem has been made worse over the past 12 months by soaring raw material prices, while aerospace industry continues to ask for top quality and ‘cost down’ year on year. Even higher quality is being demanded by oil and gas companies, especially those involved in directional drilling of part-exhausted fields, as component failure would be catastrophically expensive, says the company.

In the last three years, Helander has invested £1.6 million in new machine tools. “Our strategy to compete with low-wage economies has been to utilise our fixed costs better through lights-out production and extending our manned shifts to 22 hours a day, and to target complex, high-added-value, small batch work, particularly larger components,” said Mr Thompson. “It is difficult to compete making large volumes of small, simple components because the margins are just not there. I predict that there will be a shake-out at the lower end of the market and that many UK sub-contractors in that sector will not exist in 10 years’ time.”

Atlantic success breeds more success for investment-keen firm

Unicut Precision of Welwyn Garden City has won a two-year American export contract worth in excess of £800,000 to supply some four million small turned parts.

The contract, based on consignment supply of 70 different components, involves batch sizes between 10 and 40,000. In addition to the main contract, the customer will be placing orders for bespoke components to meet specific needs.

Unicut’s track record of on another US contract was seen as key in winning this latest order. The sub-contractor has, in fact, finished 2004 with a 20 per cent increase in business, and its plans for this year include further machine and manufacturing software purchases, an increase in factory floor space and a move into an acquisition strategy. Unicut Precision has nine Citizen and two Star CNC sliding-head autos and one Miyano mill/tum centre. All are under four years old.

“We have reached the point in our business that acquiring an established sub-contracting operation will give us the accelerated growth we need,” said Jason Nicholson, joint managing director. “However, we will continue our policy of investment in our existing operation because that has proven to be the recipe to maintain our competitive position in the market.”
Quality investment

NAMAS testing and calibration accredited EMICS, Nottingham has installed two new CMMs to the value of £100,000.

“These machines have been purchased in response to identifying a key niche market for development and expansion,” said managing director Simon Moss.

“We are writing inspection programmes for a leading aero engine OEM, which in turn will allow their CMMs to perform the task. More and more OEMs in the civil and military aviation and other engineering fields are looking for this level of external capability, and EMICS is now well positioned to develop further CMM inspection programmes for other applications,” Mr Moss confirmed.

Swiss firm rolls into Oxfordshire

Swiss-owned KAS Technologies Group has acquired Hutton Engineering (Precision), Bicester following its earlier acquisition of Holifields Precision Engineers, Abingdon.

Hutton Engineering was established over 30 years ago and has continuously invested in equipment and people to be at the forefront of precision engineering. The company has built up a reputation for producing quality parts in the field of motor sport, medical applications, diesel testing, oil exploration, technical instrumentation, aerospace and marine engineering.

The existing Hutton operations will continue to improve and increase its customer-centric focus, say the new owners, with Hutton outspending its competitors on “key revenue drivers by investing heavily in both its personnel and machinery”.

“Our strategic plan called for the emergence of a dynamic group to anticipate future challenges. Building on the success of the Holifields acquisition earlier this year, we intend to reach critical mass. This will bring professionalism to an outstanding engineering knowledge and capabilities base to complete our offering to customers,” said Karim Sekkat, former investment banker and executive chairman of KAS Technologies Group.

This is a reiteration of Mr Sekkat’s words following the Holifields acquisition. “Our strategy will be to build on the success of this customer-focused sub-contracting business by overlaying the established engineering skills and entrepreneurial culture with a higher degree of professional management,” he said then.

Major investment underpins unmanned running

Claro Precision Engineering, Knaresborough, North Yorkshire, has made its first major investment since last summer’s management buyout.

The company has just installed a Matsuura horizontal machining centre, which will initially be used to produce components for use in the communications and aerospace industries. The £250,000 investment will keep Claro, twice winner of the GTMA Golden Globe Award, at the forefront of British precision engineering, it is claimed.

Managing director Martin Doxey said the investment would allow the company to move into horizontal milling for the first time, and would increase both capacity and skills at the North Yorkshire site.

“Our aim is to build on Claro’s enviable reputation for quality in the industry. The new machining centre represents a significant investment in the future of Claro Precision Engineering and is a first step in our plans to drive the company forward,” said Mr Doxey.

“One of the great advantages with this machine is that it can be set to run unmanned for several hours allowing us to keep costs down and increase output. We are determined that Claro will continue to be recognized for engineering excellence.”

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BRIEFS

Second ops eliminated
Northampton-based sub-contract precision machinist Scot Bennett Engineering is eliminating second-operation work and has installed a Maier ML 32B Proline CNC sliding-head lathe from Starrag-Heckert of Brackley to achieve this on a range of bearings made in quantities of up to 20,000 a year. “We looked at a number of different machines but it soon became apparent that the Maier had a large working area for ease of setting, and the functionality and performance characteristics we required, but came with a 30 per cent lower price tag,” says sales director Robert Bennett.

Lights-out wins order
Following the purchase of a Colchester Tornado 120M with ‘lights Out’ capability, Cleveland Components, Skelton in Cleveland almost immediately secured a £40,000-a-year contract that the company would not have been able to even quote for before the installation. The investment was the fifth Tornado but the first with ‘lights Out’ capability: it was also the first mill-turn lathe installed.

“We cannot believe the benefits of three-axes,” said managing director Roger Metcalfe.

Fast quotes
Weymouth-based precision metal part and tool manufacturer Tecan has cut by half the time required to re-quote on repeat work following the installation of Quote Desk from Bournemouth-based Solweb. The bespoke software works seamlessly with the firm’s 63-user 123MRP system, also supplied by Solweb. Quote Desk has also reduced the number of errors by 80 per cent, reports the company, since most fields are automatically populated.