

SUCCESS STORY

**Blundstone Pty Limited
Cuthbertson Bros Pty Limited
Australian Boot Company (Toronto, Canada)**



Blundstone flourishes in the Canadian market with help from Cuthbertson's new quantitative leather assessment process



In the most recent quarter, for the first time ever we have seen our warranty claims fall at a time when our sales of Blundstones were rising.

*Ian Heaps
Managing Director
Australian Boot Company, Toronto, Canada*

The Organisations

Blundstone produces a large range of work boots and specialized industrial safety footwear, exporting to 20 countries. There is an increasing demand for their product in Europe and North America as a younger urban fashion item.

Blundstone purchases leather, its major raw material, from Cuthbertson Bros. The relationship between the companies has proved very successful over a long period. Both companies, however, realized that with changing market demands, their relationship had to move to a new level.

Australian Boot Company distributes Blundstone's product in Canada and in addition has its own retail outlets. Blundstone decided that if it could satisfy

the Canadians, its most demanding and proactive customer, it could satisfy anyone.

The Project

These lucrative new markets are complex and challenging, placing new demands on Blundstone internally and also on their major supplier, Cuthbertson. After reviewing and strengthening their internal quality standards, Blundstone realized there were few if any quantitative quality standards for leather, its major raw material.

The goal was to develop a methodology to communicate the new quality parameters back along the value chain so that the required quality could be built into the product at all stages of processing.



**VALUE CHAIN
MANAGEMENT
PROGRAM**



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A key process, assessing and sorting leather for quality prior to delivery to the shoe factory, has traditionally been qualitative and subjective. To meet the new requirements, a quantitative, objective system was required, so that each piece of leather would meet the specifications needed for its particular end product. This would maximise the value of each piece, with none being wasted by being channelled into an unsuitable use.



Project Methodology

The first stage involved documenting the numerous leather quality characteristics, quantifying them, and developing methods of objectively measuring them. Once quantified, they could be collected as data.

The second stage was to install data collection and leather grading software and hardware in the tannery to collect the data for each individual piece of leather. Once collected, this data was compared with parameters supplied by the customer, so that each piece was directed to its maximum value use.

The third stage, which is continuing, is to harness the enormous information content of the resulting database.

Benefits and Outcomes

While most of the physical changes took place in the tannery, the benefits have been distributed across the whole value chain.

Quantification of leather quality allowed supplier and customer to document and discuss quality requirements. This disclosed gaps in each one's quality perceptions which, once recognized, were quickly closed.

As a result, disagreements on quality were reduced almost immediately to negligible levels.

Rejection rates in the tannery before despatch, and at the shoe factory after receipt, have both been reduced by over 50%.

The disciplines imposed ignited a new level of communication between the two companies, with cross company training courses for operatives, and regular inter-firm management meetings being introduced.

The third and most rewarding stage is to exploit the database. Already, availability of hard data has allowed increased levels of control in the tannery, with:

- accurate identification of sources and types of quality variation; and
- analysis of inventories not only for quantities but qualities.

The eventual goal is for the shoe factory to issue leather into work against footwear orders based only on the quality information in the database, eliminating the wasteful second grading currently carried out on receipt at the shoe factory.

What of the effect on the Australian Boot Company in Canada? When asked what benefits he has seen, MD Ian Heaps said:

“Greater initiative by the manufacturer to give improved and more consistent finished quality allows us to sell into expanded segments of our markets. The improved quality experienced by our dealers will increase their confidence in the Blundstone brand, and enhance their investment in it.”

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www.valuechains.industry.gov.au

