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MKS Instruments Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions). And our first question comes from Brett Hodess with Merrill Lynch. Please go ahead.

Joe Herrick - Gutterman Research

This is actually [Joe Herrick with Gutterman Research]. Couple of things. Leo, what you guys do in terms of looking at lean manufacturing, keeping in Six Sigma to improve your overall continuous improvement processes? And what you expect benefits to be in terms of a throughput value plan?

Ron Weigner

Okay. Well, first of all, I think we're one of the earlier adapters of lean manufacturing, at least in this space. So, as far as almost all of our plants run, other than sometimes a new acquisition, they are already set up in the flow lines and lean manufacturing, and all operate on practices of total quality.

I think where we would see the most leverage is really in our low cost region sourcing and manufacturing, and we've talked about that on numerous occasions. But there is still leverage in terms of moving more material to low cost country. Also, there is still leverage to have more of the manufacturing in low cost country. I would say that those would have more leverage than anything going on in-lean, since we have been involved with lean manufacturing for more than 10 or 15 years.

Joe Herrick - Gutterman Research

Okay. And a follow-up to that question; what metrics are you using in your manufacturing process to measure success? Are you looking at [RONA], OE? How are you judging yourself against competition or even against your fellow peers to measure your success?

And in terms of going forward for 2008, what systems and solutions are you going to be putting in place to accelerate continuous improvement initiatives. I know you mentioned you are at the second phase implementing your ERP system. Is that going to be applicable to [CI] initiatives? And can you expand on some of that?

Ron Weigner

Yeah. I think, so we keep it to two questions to everyone. I think I will just answer the one that you talked about in terms of what we are doing, relative to measuring our manufacturing capability. I think one of the things we look at is moving materials to low cost country, as we measure purchase price

variance as a measure of improvement in cost. And the other is obviously productivity measures that we have internally. So thanks very much for your question.

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