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## Kudu Industries: Pumped Up

Featured Content By Staci Davidson  
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Robert Mills began working in his garage with his son in 1977, developing technology for progressing cavity systems for heavy oil wells. In 1989, they launched Kudu Industries Inc. to commercially distribute oilwell progressing cavity pumps (PCPs) and driveheads for heavy oil wells in Canada's Western Sedimentary Basin. Since that time, the company has continued to develop a variety of oil and gas production equipment, and has built a reputation as the knowledge leader of the industry.



“We had been developing the technology since 1977, and once we put all the pieces together, we started the company,” Mills says. “This is a relatively new technology for pumping oil wells and there is still a lot of research and development being done. Kudu does more R&D for this technology than all of our competitors and customers combined.”

Based in Calgary, Alberta, Canada, Kudu has 12 field offices in Canada, locations in Kazakhstan and Australia, distributors in the United States, Colombia, Russia, Venezuela, Japan and the Middle East, and installations worldwide. Mills notes that after the company implemented a “lean-thinking culture” in 1998, it streamlined and improved its operations, and was recognized as one of the top 50 best managed private companies in Canada.

Recently, Venture spoke with Mills about Kudu's lean operations and how this is allowing it to gain market share.

**Venture:** What type of products has Kudu developed recently?

**Robert Mills:** We recently developed a pump that's suitable for wells in oil sands. These pumps can withstand the heat generated by thermal stimulation. We also recently introduced new instrumentation that will improve pumps and maximize their production.

**Venture:** What improvements have you seen from your work with lean manufacturing?

**RM:** Lean is not a destination, it's a journey, so we continue to improve by using lean methods. Lean has allowed us to reduce our manufacturing costs by 15 percent each year for the last five years. We have applied lean thinking to the plant, the warehouse, distribution and our offices. Our accounting department is a good example of how lean has helped us improve and streamline things. Our sales have quadrupled since we started lean, but we have fewer accountants now.

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We implemented lean and ISO improvements simultaneously and it really changed our corporate culture. For example, we gave a lot of responsibility and authority to people on the plant floor. All of the team leaders on the floor have a company credit card, which allows them to get the supplies they need when they need them. They control purchasing and know how much of something they need at any given time. This has made our accounting much more accurate. Honestly, no one checks their work because they consistently do such a good job.

Right now, our plant floor is operating without a foreman, and we can do this because of lean. We might hire a foreman at some point, but if we do, that person will be a lean expert and will teach instead of boss.

**Venture:** How do you work to ensure the culture of lean is maintained company-wide?

**RM:** We spend \$3,000 per employee per year on training. This shows that we are invested in them and helps the entire operation to become more efficient. We have an extremely high-quality and very loyal work force.

Everyone wants to work here. Our employees' friends and family are always trying to get jobs with us, and that is because we are so invested in our people. We will train them for anything that will benefit the team. Sometimes oil companies poach our people, but that's not too bad because then we gain a loyal customer.

**Venture:** What distinguishes Kudu Industries in your industry?

**RM:** We try to distinguish ourselves through service and quality. Our development program is continuously working to create higher-quality and safer equipment, which is a huge benefit to our customers. We also work closely with customers to meet their needs. We survey them to find out what they need and want, and we have 12 field service centers near our customers' sites to support them at the field level.

We serve different markets and different types of customers, and each one needs different things. Some are just buying based on price, but others are looking for pump longevity. Some customers need pumps to withstand various chemicals in the oil stream and others need products to withstand high temperatures. We develop technology to meet all of these needs, which enhances the value of our products.

**Venture:** What are the company's plans for growth?

**RM:** We don't plan for growth. Our belief is that if we plan for excellence in service and quality, growth will follow. We like to say that we are people-oriented and growth smart. We may try to expand our market reach. Canada makes up 75 to 80 percent of the world market, and most of our operations are here, but we have equipment working in 29 countries. One-third of our business is overseas. Our goal is to be the primary supplier in all of our markets.