



The *Eureka* Times

20th Edition

23 September, 2010

Welcome to the twentieth edition of The Eureka Times.

The old Chinese curse "May you live in interesting times" certainly seems to have been guiding events in 2010 when, after several years of problems at the factory, matters were brought to a head in June this year with the new owners of the production facilities taking a series of drastic actions aimed basically at restoring the performance of the factory. The actions were not entirely unexpected but the impact of the decision will change the way that this organisation has traditionally arranged the production of its models. The consequences of these changes will no doubt be both positive and negative but our assessment is that the result of the changes will be overwhelmingly positive as they address the problem of later delivery of projects.



CPH/CTH at
Waterfall. Photo: IMRA

Well, let's jump straight in off the deep end with a look at the changes followed by a project by project assessment of the impact of these changes.

Patient supporters of the Eureka Program are well aware of the problems associated with delivery of projects over the past several years. Whilst some of the cause of the delays was Eureka's there have been on-going major problems at the factory.

These problems culminated in us being summoned to a meeting with senior management at the Sanda Kan head office in June (Sanda Kan is now owned by Kader the large toy manufacturer who also owns Bachmann). Here we were informed that Sanda Kan was having problems maintaining deliveries and was therefore embarking on a major down-sizing of the company's operations. This would involve completing projects that were currently underway but for the majority of customers no new projects would be commenced. Now, whilst the suddenness of these decisions came as a surprise the sign that something was happening had been there for some-time and co-incidentally Eureka had already started to make arrangements with an alternative supplier.

When Eureka first started with Sanda Kan we had a very experienced Project Engineer who delivered our first four projects. All were excellent in terms of quality and on-time delivery. Just over two years ago he left Sanda Kan and in partnership with an existing manufacturer went into business for himself. Eureka kept in touch with him and earlier this year after seeing the quality of the project that he was delivering for other customers, commissioned him to do a project for Eureka. This is the E wagon project outlined below.

This project progressed well and so when the problems at Sanda Kan boiled over the decision was taken to switch all new projects to the new (old) manufacturer.

The move is working well. Sanda Kan has been very co-operative and have assisted the move to the new manufacturer.

This move may well be taking pressure off them which I suspect they appreciate. In a recent discussion with a US based supplier the word that they used most frequently in discussing their dealings with Sanda Kan was "chaos".

The current arrangement then is that Sanda Kan will complete the AD60 re-run, the 38 class re-run, the CPH/CTH with sound units and the 40 class. All other projects are being transferred to the new factory. Things change almost on a daily basis at Sanda Kan and nothing would surprise me but I expect the above arrangements to hold. The shift to the new factory will have very positive outcomes with the E wagon project already demonstrating the ability of the new factory to deliver a quality product in a more timely manner. There will be more problems in the short-term but once the new arrangements settle down we will almost certainly see a much improved outcome, especially in respect to delivery times which would be a pleasant change.

Projects to be completed at Sanda Kan.

At the June meeting it was agreed that the re-run of the AD60, the re-run of the C38, the sound equipped CPH/CTHs and the 40 class would all be completed by Sanda Kan and that these would be delivered before the end of 2010.

At this stage it appears that the AD60 re-run and the CPH/CTH projects are nearing completion. Final items such as box artwork for the C38 and the 40 class are being organised although there are the usual murmurings about delays in the supply of electronic components. These projects are being nursed along on a day by day basis.

Projects to be transferred to the new factory.

All other projects which had been commenced at Sanda Kan will be transferred to the new factory. The HUB set, NSWGR oil tankers, 59 class, 620/720 re-run, LCH/CCH/RSH re-run and K class...anything been forgotten, oh yes, and the R class has been shifted to the new factory as well!. For projects in their early stage this has involved retrieving drawing packages from Sanda Kan. The HUB sets, the NSWGR oil tankers, 59 class and K class are in this group.

Tooling for the 620/720 re-run and LCH/CCH re-run and RSH project are being shifted to the new factory and will be followed later by the AD60, 38 class, CPH/CTH and 40 class tooling. The R class which is in between was a problem but the decision has been taken to move it to the new factory largely because of a more certain delivery schedule, but also because of an assessment that we will get a better quality product from the new factory. (For example when we suggested that we bring Sanda Kan motors across with the R class project we were told that the Sanda Kan motors were not up to the standard required by our new manufacturer. This view was in line with some of the concerns that we here at Eureka have had about recent quality experience at Sanda Kan.)

Sanda Kan has been most co-operative in the above process.

Where does this leave us - Project by project.

AD60: Re-run nearing completing at Sanda Kan. 6001, 6002 and 6018 in black with red lining, 6015 in plain black and 6020 in Centenary colours.

CPH/CTH with sound: nearing completion at Sanda Kan

C38: Re-run in progress at Sanda Kan

40 Class: Production at Sanda Kan in progress.

R Class: Production moved to new factory. Test shots before the end of this year. Production by mid 2011.

HUB set: Project moved to new factory, test shots by end of year. Delivery first half 2011.

E, S, O and Oil tank wagons: New factory, test shots November. Delivery first half 2011

620/720: Re-run to commence November, 2010. Delivery, March, 2011.

NSWGR Bogie Oil Tankers: New factory, test shots November. Delivery first half 2011.

59 Class: New factory, tooling to commence January, Delivery late 2011/early 2012.

K Class: New factory, tooling to start when R class test shots received. Delivery early 2012.

LCH/CCH: New factory, re-run to commence October, 2010. Delivery, March 2011.

RSH: New factory to commence October. Delivery March 2011.

DEB set: New factory, drawings to commence November, 2010. Delivery early 2012.

BCW: New factory, test shots December, 2010. Delivery mid 2011.

In addition to the above Data packages are ready for our Milk Tank and W44 packs for NSW modellers and cattle and sheep wagons for followers of the VR. We expect to commence drawings for these in early 2011 after the new factory has digested the above projects.

We also have data packages ready for two VR railmotors, one of which will be started in 2011. Thinking ahead, once tooling for the K class is started drawings for the next VR locomotive will need to be commenced. Candidates for the next in line including the N, J, A2, D3 and H with the N or J being most likely.

The switch to the new factory is proceeding smoothly but any move of such magnitude will undoubtedly experience some hic-cups along the way. To date all indications are that the working

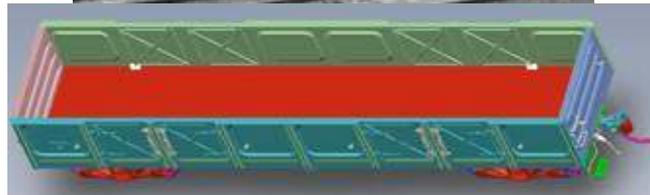
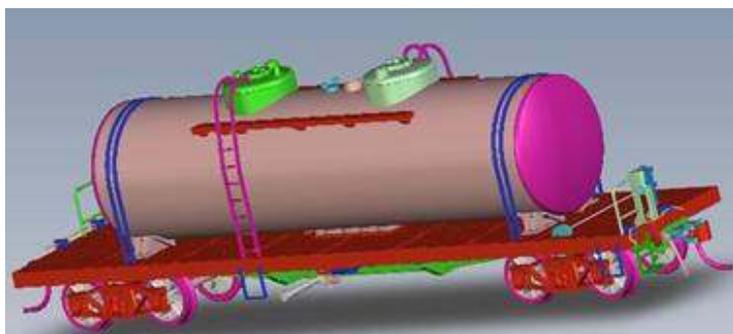
relationship between the new factory and Eureka Models will be a good one (there have already been two indicators of how the decades of experience available at the new factory will assist the production of our projects - more details next issue).

This edition is a short one and the next edition will follow this one closely with publication planned for late October. There are a number of reasons for this including the pace of change at Sanda Kan, progress in projects at the new factory and the release of order forms for coming projects.

Where does this leave us - Project by project.

As mentioned above early this year the decision was taken to ask the new factory to produce a project for Eureka. The project chosen was a group of wagons based on the Victorian Railways E Bogie Open Wagon. Whilst the most popular wagon is expected to be the Oil Tanker, the choice of the tanker base on the E wagon under-frame allows the E open wagon and the S Bogie Flat wagon to be produced together with some consequent savings. A bonus is the SAR Bogie O wagon variation.

Order forms are included and with test shots expected in November a February/March 2011 delivery date is anticipated. Four packs are being planned but if demand is sufficient a three pack of SAR O wagons will be produced.





2010 has been a challenging year to say the least but as we hurtle towards the end of the year the fundamental objectives of Eureka Models have not changed. We remain committed to producing the twenty five or so models that we have on our project list and to delivering these at the same high level of quality that was the hallmark of our first six projects.

Disappointment is sometimes the order of the day at the Eureka office especially when delivery dates begin to slip behind. At these times we remind ourselves of our fundamental commitment to quality, irrespective of the problems encountered along the way.

On those occasions when an air of gloom has settled over the Eureka team, our fearless CEO usually rises to the occasion with a stirring oration to get the team motivated again. This happened recently when he, if I remember correctly in referring to the achievement of the Eureka staff, made the following comments:

"Never.....in the field of railway modelling endeavour.....has so much been achieved.....for so many.....by so few." (Apologies to Winston C.)

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