



CASE STUDY Manufacturing Turnaround

The Challenge

A loss-making B2B subsidiary of a FTSE 100 company required 're-booting' and setting on a profitable growth path.

Operating in an intensely competitive environment, with little to differentiate itself and selling to major retailers and multi-national consumer businesses; the company was under constant margin stress, increasing customer turnover and lost business. The resulting volume chase at nearly any cost increased complexity and costs both take-on and ongoing. Leading to shorter runs, poor disciplines and a reactive, fire-fighting culture throughout the business, with all the other associated negative connotations.

Whilst the business team understood the need for urgent change they were struggling to define the challenge properly and develop a 'good strategy' that was 'fit for purpose' and which focused on what was critical and in what order.

Key Results

PROFITABILITY RETURNED

Up By £3M+

SKU's
Rationalised By
34%
No lost volumes

OEE's
Improved from
70% to 92%
Costs reduced

Project Overview

An in-depth quantitative and qualitative assessment was conducted of the business, its core competence, current situation and direction, 'soft and hard' inputs and strategy.

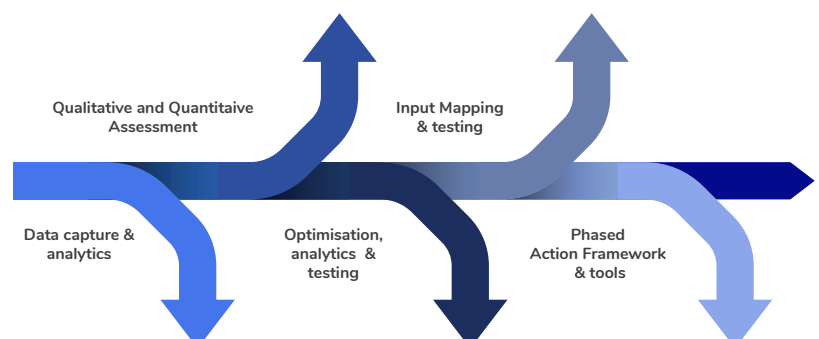
Following the initial assessment it was clear the business did not have an identifiable core competence or which could be developed relatively quickly to create leverage and a sustained competitive advantage.

As a result the strategic objective was re-configured to: Within 18 months reverse the losses, optimise the sustainable earnings and ensure the business was an effective low cost manufacturing platform for a 'bolt-on' reverse acquisition or potential acquiror.

3 key project deliverables were identified:

1. Develop a phased strategic plan framework. Ensuring everyone had a sense of direction, enabling prioritisation of actions and resource deployment.
2. Identify 2-3 key areas/skills to be strengthened which fundamentally supported the delivery of the strategic plan.
3. Provide a series of dashboards focusing on key inputs enabling individuals and teams to cascade actions and intervene early and decisively to keep the business on track.

Project Phases



Delivering advanced performance by marrying real world experience & leading edge analytics

Key Additional Issues Faced

Working with management and wider team other key issues surfaced, including:

- Rapidly declining quality, on-time and in full delivery performance, efficiency and effectiveness
- Teams at war with each other as silos with positions becoming entrenched, leading to a blame game approach
- The setting in of inertia and lack of prioritisation
- 2 way communication being lost in translation

The Solution

The strategy was re-configured and 3 phases identified:

- 4 months - Platform simplification & stabilisation,
- 6 months - Operational optimisation,
- 8 months - Targeted, value added sales growth.

A phased and prioritised input management framework establishing the actions and resources focused on a small number of opportunities and key strengths grafted onto a simplified operational platform. This would build a strong manufacturing platform, create more available machine time for sales.

Critical control points and an early warning system were established. The cultural cues bound this together and empowered the wider team(s) to intervene promptly and decisively ensuring the business maintained momentum and remained on track.

4 Key Project Success Factors

01

Challenge

Using observation, discussion and quantitative analytical tools the 'go-forward' strategy was challenged & optimised. Then tested.

02

Phased Strategy & Inputs

Each time-based phase of the strategy was identified. The inputs were mapped by process and phase then assessed across 3 dimensions and tested.

03

Soft Inputs

Culture, disciplines, communication and a sense of ownership and responsibility were vital inputs and essential for ongoing success.

04

Communication

It was imperative the process, framework and dashboards were communicated throughout the organisation and teams empowered to act.



The Results

Profitability
Improved By:

£3m+

SKU's
Rationalised By:

34%

By

Focusing and managing the right inputs

Treating the customer as an input

Introducing a cultural change programme, 'Freshstart'

Early and decisive interventions

Input deployment linked to each strategic phase

Delivering

No volume or customer losses

OEE's improving from 70% to 92%

Reduced internal waste
Simplified processes

Reduced complexity & costs

Reduced fixed & working capital

Final Reflections

A coalescing cultural 'totem pole' was key, contributing to a sense of urgency improving the speed of change and probability of success.

Critical to the project was involving the wider employee base, especially opinion formers.

Aligning the control system to inputs at a detailed level, empowered individuals and teams

Analytics and modelling with a thorough risk analysis was essential

Don't mistake motion for real action

"If you define the problem correctly, you almost have the solution"
Steve Jobs