



Cohesion and cost-cutting in the supply chain

Even the most successful mergers and acquisitions go through times of turmoil. When on time in full (OTIF) delivery slips to 80%, you know you have a real problem. But solutions can be found. Installing the right Management System (Celerant's proprietary MCRS®), Celerant Consulting helped a specialty chemicals company drive OTIF back up over the 90% mark, while at the same time cutting inventories and optimising cash flow.

Under Pressure

There's nothing like a takeover to put company systems under pressure.

Supply chain operations are particularly exposed in a takeover situation, because so much of the supply chain is external and therefore less controllable.

When the company in question is a global specialty chemicals company, the systems tend to be highly complex. So pressure on the supply chain – which handles specialist materials in volumes from five gallon pails to truckloads – is even greater.

One such company found its delivery and reliability performance at an all time low, following its acquisition by a complementary chemical producer.

The move had heralded a raft of internal and systems changes. The company's field force of over 1000 people found themselves caught up in excessive administrative work. Too little time was left for building the business, and sorting out what needed to be done to get the right product to the right place at the right time.

RADICAL CHANGE

Managers knew radical action was needed. Improvements had to be made across the spectrum – to cash flow, supply chain costs, demand planning and customer service.

The company had to become more cohesive and more effective in its supply chain activities.

Celerant Consulting (Celerant) was hired to contribute the additional experience, objectivity and discipline that would ensure the necessary changes took shape.

That process of change started with Celerant consultants spending a "day in the life of" people at different stages of the company's supply chain. Exposure to the coal face provided a rich understanding of the organisation, with its unique strengths and weaknesses.

That understanding enabled Celerant and its client together to develop a suite of MCRS® that were right for the business. They

measured the right things, with the right frequency, and the right output. So employees gained much greater insight into and control over their own contribution to the business, as individuals and teams.

In particular, Celerant worked closely with the client to guide employees through the necessary steps to install their own key performance indicators.

Results

- On time in full delivery increased from 80% to more than 90%
- Inventories reduced
- Cash flow optimised
- Customer service levels enhanced
- Raw materials shortages cut to 0.5% of all orders

They were able to establish truly meaningful measures that flagged where action was needed and where improvements were achievable.

"I was impressed by how Celerant was such a great partner. They were going to work alongside us until we got the results." Vice President



QUALITY DECISIONS

Few things affect the quality of a supply chain more than the quality of the decision making that drives it.

Good decisions thrive on relevant, timely data.

The chemical company's new MCRS® gave a vital boost to decision making quality. Each employee had access to the key performance data relevant to his or her area of responsibility and accountability. They also benefited from a greater understanding of how decisions they made affected other areas of the supply chain.

So the MCRS® created the cohesion needed across the entire organisation for better performance.

Additional improvements were gained through installing a new accounts receivable system, and upgrading the planning and scheduling systems for all products.

CLEAR COMMUNICATION

With employees from different parts of the business sharing the same information, communication became smoother and clearer. Any silos that had formed in the various departments involved in the supply chain were dissolved as open dialogue and team-oriented meetings became the norm.

People from different areas were able to come together to discuss problems, identify root causes and develop strategies to resolve them.

Greater clarity around roles and responsibilities of different positions helped as well. For example, sales people were freed from their former administrative yoke to do what they do best – sell.

Employees across the entire organisation found themselves sharing a clear vision of the company's direction, what needed to happen to make progress in that direction, and the ability to respond together effectively.



Our Results are
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"This wasn't just a one-year project. Celerant was very helpful in coaching and teaching our people. We're still using the MCRS® they helped us to build. And our people are still using the processes that were engrained during the project." Operations Manager