



Enterprise-wide improvement

With help from Celerant Consulting, one of the world's largest specialty materials companies was able to raise performance to a new level by integrating existing improvement efforts at its largest operating unit into a plant-wide drive for competitive advantage

Time to Aim for the Next Level

The specialty materials market has been under pressure from massive inflation in raw materials pricing. Serious players cannot relax in their search for new ways of reducing their costs. Gaining competitive advantage is a constant struggle, as more and more companies adopt Six Sigma, Lean Manufacturing and other proven techniques.

One specialty materials company was well advanced in the use of improvement techniques. Previous initiatives had embedded in the company, powerful tools and training for discrete improvement projects.

With raw materials prices and demand both escalating, the time had come to find a way to drive results even faster.

Senior management at the company's largest plant recognised the need for a different kind of improvement initiative: one that would engage and focus the whole organisation, through improved leadership, accountability, focus and pace.

Working with Celerant Consulting (Celerant), the client developed a 48-week plan of change. This was designed to focus on delivering very specific improvements: in human productivity, overtime, energy use, raw material yield, overall production capacity realisation, and indirect procurement spending.

EFFECTIVE ORGANISATION

A new organisational architecture for the plant was designed by a cross-functional team. Members came from across the spectrum – Production, Maintenance, Quality and Human Resources.

The design reflected a holistic, systems approach to the organisation – seeing it not as a set of departments with walls (physical or virtual) between them, but as a single entity seeking to deliver the best results in the fastest possible time.

Intensive effort went into working out the fine details. To deliver a lean and high-performing organisation, the team produced specific headcounts by role, detailed job descriptions, activity rationalisations and accountabilities.

Results

- Quantifiable and sustainable financial results in every aspect of the business, through integration of Lean Manufacturing, Six Sigma and Maintenance Excellence
- Continuous, sustainable improvement and control in line with the Six Sigma DMAIC philosophy
- Productivity savings of 15% in Production
- Labour cost savings of 10% in Logistics
- Overtime hours reduced: in Maintenance, by 50%; in Logistics, by 35%; in Quality Control, by 20%; in Production, by 11%
- Raw material yields improved by 7.5%
- Energy cost per pound improved by 4%
- 2% improvement on procurement spend



"The amount of change we've made in a few months is astronomical! Our schedules are consistent. We're tracking attainment now. I'm very proud of what we've done." Maintenance Manager

FOCUS ON MANAGEMENT CONTROL AND REPORTING SYSTEMS

An integrated performance management system was crucial to bringing the whole enterprise together in the drive for improvement.

This was developed in the form of a Management System (Celerant's proprietary MCRS®) that embraces every one of the plant's key processes. It allows the leadership team to review key performance indicators – daily, weekly and monthly as appropriate – to manage the business more effectively.

With a holistic set of clear performance targets, measures and accountabilities, it was possible to drive improvements – whether in Maintenance, Production, Logistics, Quality or Procurement – in ways that contributed to the success of other areas of the business at the same time.

DESIRED RESULTS

The Maintenance organisation focused on becoming more proactive and efficient, through installing Maintenance Excellence processes and working in close partnership with the Reliability department. Ownership of business performance in the Maintenance organisation was pushed down into the organisation.

In Production, variability in output was reduced by 2.5%. This success was due to better coordination of cross-functional teams; giving machine operators more authority over how they used and maintained their machines; and introducing tools for more fact-based decision making.

Logistics targeted attention on the process gaps in its complex network of interrelated activities. Modifying its approach to meetings, reporting and performance indicators, Logistics was able to focus more effectively on sharing resources and streamlining work processes.

Rigorous statistical methods were introduced in Quality to reduce workload without compromising quality assurance. This reduced the size of the workforce needed; some employees were able to be redeployed elsewhere in the organisation.

Better Procurement processes allowed more effective use of available data and resources. Introducing a grey inventory policy and a systematic commodity-based bid process helped to improve procurement spend by 2%.

"The daily logistics meeting helps us understand yesterday's performance and plan today's execution."
Customer Care & Logistics Manager

Our Results are Front Page News



"By having the right people lead and participate, we have made our meetings more powerful and are performing at a higher level." Production Manager

"At nearly a 3 to 1 payback you can't go wrong." Plant Manager

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