



CASE STUDY – BUSINESS PROCESS RE-ENGINEERING

GKN Bound Brook, the Lichfield powder metallurgy business within the Axles division of GKN, transformed its ability to meet the demanding requirements of its automotive customers and multinational OEMs as part of a programme launched by the Divisional Managing Director. After an initial review of the business by Worldwide Business Solutions, a major re-engineering team focused on the manufacturing and supporting processes.

GKN Division Launches Business Revolution

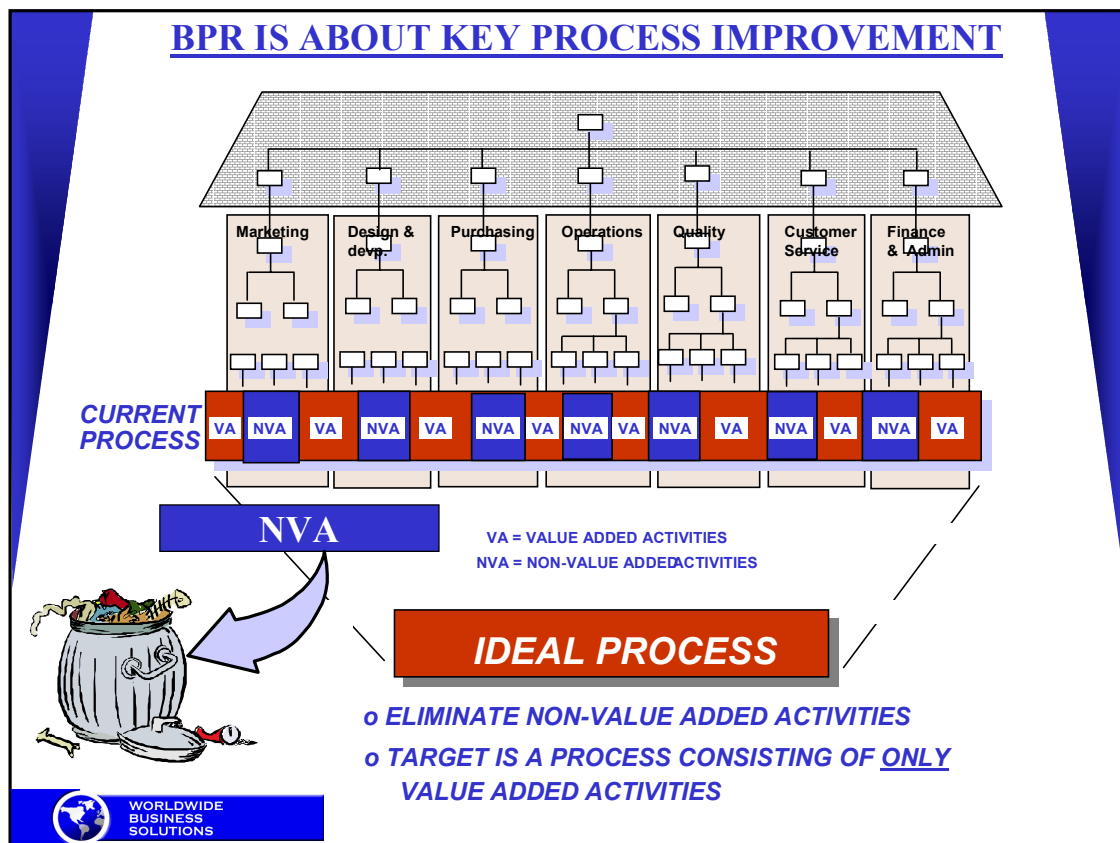
David Clarkson, GKN Bound Brook's General Manager adds, "The review identified the fundamental causes for the low profits being made by the company: lack of efficiency and lack of focus. The structure was traditional and hierarchical, concentrating on each department function rather than the process. Additionally, a Customer Survey indicated that some customers felt our service and technical capability could be improved. It was clearly necessary to sort things out and a multi-task programme - "Lichfield 96" - has been put in place with a view to achieving step change in performance."

The review had revealed that Bound Brook's sintered parts, despite a process time of only 3 hours, were taking typically 30 to 40 days to travel through a complicated shop-floor route. It was evident that quality was maintained at considerable cost and at levels that would not meet the future demanding requirements of the automotive industry. In addition, a paperwork-based purchasing process that exhibited similar characteristics supported manufacturing.

The paperwork, from the raising of a requisition at the beginning of the process to the paying of a supplier invoice at the end, involved up to 15 departmental interventions, physically travelling hundreds of metres in the process.

It was clear that the business was risking its position as market leader and sacrificing profitability through unnecessarily high costs.

The vision of John Spruell and David Clarkson was to establish a successful plant that will ensure the long-term viability of the £20+m business and therefore greater security and more fulfilling roles for all the employees.



Creating a World Class Manufacturing facility capable of supplying high specification sintered products is a major undertaking that takes total commitment, thorough planning and determination. A central task of "Lichfield 96" was to re-engineer the manufacturing processes throughout the plant, including sub-contractors and suppliers. In addition, process teams were launched that involved many of the staff in cross-functional activities focused on the supporting processes.

Teams ranged from those tasked with individual processes such as new product introduction, purchasing, planning and scheduling, to the manufacturing processes of the three business units. Additional, smaller scope projects were launched to maximise process quality and minimise capital equipment changeover time.

Each team comprised a cross-functional diagonal slice from the company organisation and involved those individuals who had either an intimate knowledge of the process or who would be affected by any change in the process.



Manufacturing Cell team leaders and process owners were also appointed and specifically supported by one of the Worldwide Business Solutions consultant team. Critical to the success of the teams was the training provided by the consultants and a continuous stream of communication to the workforce as a whole. Teams devised a personalised mission statement and set of deliverables or goals that ensured all improvement activity retained the appropriate focus and urgency.

David Clarkson explains, "It was management's task to introduce the new cell structure in manufacturing areas but it is very much up to the workforce to implement the changes and make the system work. It is now accepted by both management and teams that good ideas are coming forward. It is fundamental that the cell teams are run by the team members themselves - that way team effort can be rewarded - and it is our long term aim to so refine the process that individuals can be rewarded."

Each process team has presented senior management with a specific series of proposals for change. Once the total impact of the desired changes was understood, they were combined into a comprehensive plan, which was outlined to the workforce in a presentation. The strategy was then ready for implementation.

The results flowing in the pilot business units from just the first stage of the programme were considerable:

- ◆ Manufacturing cost savings in excess of £250,000 through quality, throughput, material and process changes in the pilot project areas

- ◆ Additional resources freed up from process steps no longer required in the new "value-adding" supporting processes

- ◆ Working capital reductions leading to substantially less inventory and work in process

- ◆ Greater supply flexibility and customer service as a result of being able to produce smaller batch sizes in line with customer demand patterns



David Clarkson adds, "These improvements have been achieved principally through much better customer focus. Team members now understand that they personally are serving the customer; there is a direct association between them. Also, team members now know that they can personally affect the way business is done - a key achievement."

Having realised significant gains in the pilot areas, the new operating model and processes are being rolled out to include other business units within the facility. Worldwide Business Solutions and the senior management are determined that the new process will not be diluted as time progresses.

David Clarkson is confident. "As a result of the changes made, we have seen tremendous improvements in product quality that tell us that we are on the right course for our step change. We are confident that our customers will begin to see major benefits as well".

Anthony Smith of Worldwide Business Solutions explains the next phase in the process. "During the recent past we have had an opportunity to thoroughly understand GKN Bound Brook and the nature of its process. We have found a positive attitude to the prospect of change and a strong identity with the company."

"The present savings are just the first achievements of a programme of business re-engineering which has further to go. As is frequently the case with these projects, there is some lack of confidence to be found amongst the new process owners and team members. Additionally, there is evidence of some independent action which is cutting across the brief given to the process teams."

"This is where the workforce's confidence in the company is important, supported by our training and team-building capability. GKN Bound Brook has committed to achieving "Investors in People" status and we will be providing substantial human resources counselling as an integral part of phase two. It is vital that, when changes are rapid, detailed communication is achieved throughout the plant."

"Communication is a key element in business process re-engineering. The task we are undertaking is to ensure that this plant is at the forefront of World Class Manufacturing - our ultimate aim."



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