



**CASE STUDY – FROM BENCHMARKING TO BUSINESS PROCESS
IMPROVEMENT**

Worldwide Business Solutions has recently helped a leading Radiators manufacturer, one of Europe's largest manufacturers of heating appliances, to save over £2 million per annum on their delivery unit costs at just one plant! This was achieved in only nine months and further cost reductions for the other three sites are currently being implemented. This lower cost base has also reinforced their position as market leader.

A highly successful tool for improvement

There are over 1,000 employees based at four manufacturing plants in England, Scotland, Belgium and the Netherlands with different cultures, languages and management styles. One of the principal aims of the project was to develop World Class internal processes. The project team from Worldwide Business Solutions, led by Managing Consultant Tony Smith, decided the traditional method of "ground-up" or task level assessment was far too time-consuming and, given the time constraints imposed by the client, was unlikely to receive approval.

The team realised there was a lot of similarity of both process and technology between the different plants that would enable them to set up an internal benchmarking model across all four sites. This could then be used to develop the 'best in class' process. Benchmarking is a methodology for driving continuous improvement that is achieved by constant effort, to close the gap between performance in selected areas and the best performance that can be measured against in the same areas - the essence of World Class business. There were a lot of site visits to compare different working practises and, with relevant training and seminars organised by WBS, the improvements were facilitated.

By operating the benchmarking model at the macro process level, which includes all the principle stages of manufacture, e.g. press radiators panels, weld radiators etc., the team could quickly highlight areas of opportunity and focus energy where it would bring the greatest benefits. Another factor critical to the success of the project was the very early involvement of personnel and management of the main operating company. Core teams designed, developed and implemented the model that gave immediate ownership to the client. Also, by using the 'best in class' process and agreeing shared objectives, the barriers usually associated with change were minimised.



The macro process model was initially produced for one plant as the reference site. This was then given to the other three sites for their input, corrections and fine-tuning. Once the model was detailed enough to describe all the manufacturing activities on all four sites, all manufacturing employees, including temporary and contract staff, were assigned to the agreed macro process.

The most significant driver for the overall process is the heat output of a radiator (measured in kW) so all input resources in terms of people, materials and components could be compared with radiator production in kW. It then became possible to benchmark manufacturing processes across sites and ignore confusion of localised issues such as radiator type or shift patterns. The performance gap between sites was then expressed in terms of numbers of people and also non-people costs (materials etc.) to highlight the areas of greatest opportunity.

Using the model it became possible to calculate how much total resource would be required if all plants operated at the level of the most efficient process. The calculated potential saving versus the benchmark could now be validated and the reasons for any differences fully understood. Localised issues such as line configuration, shift patterns and product mix could also be fully analysed. A definitive list of improvements was drawn up together with the costs of implementation.

The internal benchmarking model proved to be extremely effective and the projected cost savings were not only huge but they were also very accurate. On the first site a total of 75 non value-adding jobs were eliminated, out of a total of 330. It is interesting to note that there were 80 temporary workers at this time, so the benchmarking study had no significant effect on the permanent workforce.

- Although the company employees and managers were heavily involved in the entire project, it was the skill of the Worldwide Business Solutions project team that highlighted opportunities and helped bring about the improvements. Particularly interesting is that this model also challenged previous assumptions about line configuration/crewing, shift patterns and inefficient products.



**WORLDWIDE
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