



CASE STUDY – BUSINESS PROCESS RE-ENGINEERING

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With a turnover of \$635 million and a leading position in the manufacture and distribution of prepared foods, this leading company had already gone some way down the road of BPR. However, the Managing Director recognised that there was still great potential for improvement, and invited Worldwide Business Solutions to conduct an operational review.

The brief for the review was to develop a broad but pragmatic vision of the future, to estimate benefits and to define implementation plans. The scope of the review was wide: procurement, order management, plant layout and process routings; lead times and queues; quality assurance; planning, scheduling and execution processes; customer demand patterns; people, structures and accountabilities; and performance measurements and targets.

The company expected dramatic benefits both for itself and for its customers. For Worldwide Business Solutions the challenge was to integrate a number of the management techniques at its disposal into one business-wide programme of change. The core techniques required Activity Based Costing, World Class Manufacturing, Business Process Re-engineering and Project Management.

The Review & Re-engineering

The first step was to implement Activity Based Costing (ABC). This identified both which areas of the business were unprofitable and which core processes were under-performing when benchmarked against industry best practice. This led to a comprehensive Business Process Re-engineering programme, which involved a total redesign of the Business Processes, from beginning to end.

World Class Manufacturing

In parallel with the implementation of ABC a World Class Manufacturing review was carried out. This found that the existing manufacturing model did not enable products to be manufactured in line with customer demand. Flow paths were long and complex, critical production equipment was shared between cells. There were quality problems and scheduling was difficult and ineffective, leading to wide swings in production loading.



Recommendations

A number of specific recommendations were made to the senior management team. Three elements were:

1) Focused Cells:

The key to achieving a world class manufacturing facility was seen as the creation of close-coupled short-lead-time product and process focused cells, operating the principles of small batch sizes, minimal Hand-Offs, minimal Machine Sharing and “rate based scheduling”. These would: simplify the planning environment; significantly reduce WIP; eliminate unnecessary process variables; allow fast, effective quality feedback and root cause analysis and; establish clear team-based accountability and appropriate measures.

2) **Revised and Re-engineered Planning:** Here a “pull-driven” kanban system - a rigid discipline of replenishing only items that have been consumed in pre-determined fixed quantities, within an agreed lead time - was recommended, acting as a Stock Control system and Production Control system simultaneously. The introduction of Electronic Data Interchange (EDI) would improve things still further.

3) **Cell-based Quality Promotion and Variability Reduction:** The implementation of manufacturing cells and the upgrading of the supplier base were the two most important enablers for quality improvement. However, beyond this the recommendations included a plan for Continuous Improvement at all troublesome “pinch points”, the deliberate and continuous analysis of process blockages until they are eliminated.

Projected Benefits

The analysis phase was concluded with a feedback to the senior management team.

The building blocks for change were described together with the projected benefits. The project team from Worldwide Business Solutions forecast savings: In addition to space savings of 250 Sq.m, inventory was forecast to reduce by £670,000 with a lead-time reduction of at least 50%. Customer Service was given a predicted improvement of 17% in terms of delivery reliability, and quality pass rates to improve by 10 - 15%. Productivity was set to rise by 10 - 20%.



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