

Business Improvement Group LLC

We Diagnose, Fix, Teach and Hand Over

Case Studies

December 2017



Not your typical consultants...

- We have a unique approach to turn tough business problems into *Opportunities*
- We're a team of senior doers and operators that roll up our sleeves and get the job done
 - No junior staff!
- We implement our recommendations and work at the source
- Creative pricing options such as:
 - Work on a fixed price and fixed time basis
 - Gain share results
- We don't hand you a list of what to do
 - No fancy reports at \$ 50,000/oz. Only results!

We've sat in your chair!

- We have all 'been here before' and have unique perspectives from many situations
- Worked as senior decision makers; CEOs, President, GMs, COOs, VPs
- Worked with consultants
 - And been disappointed by consultants
- And now pulled together all these lessons learned.....

Factory turn around

- **Situation:** A electronic component factory was having serious financial difficulties and a new owner had just purchased the factory with the view to turning it around and expanding it.
- **Action:** A Business Improvement Group partner created a 'war room' with all the factory's vital data displayed on the wall which were updated daily. A 'standing only' meeting was held every morning to walk the management team through the data and identify issues. All issues were tracked and actions identified with a specific person in charge of each issue and a deadline for resolution. In addition, a cash-flow model was developed tracking all in and outflows on a daily basis such that daily prioritization could take place.
- **Results:** The factory was cash flow break-even at the end of 90 days. The effort could then move to creating a factory growth plan.

Inventory reduction

- ***Situation:*** A large printing company had way too much paper inventory, but didn't understand why or how to fix it.
- ***Action:*** A Business Improvement Group partner identified the reason as ordering for each individual job rather than the combination of all jobs. He installed a simple system to identify the needs over a one-month period rather than by individual job.
- ***Results:*** Paper inventory fell by almost 50% with no outages at all, and the company was able to increase its cash on the balance sheet by several million dollars and stop using two outside warehouses.

Productivity increase

- ***Situation:*** A contract medical device manufacturer needed to raise its productivity to its largest customer in order to meet demand and lower costs.
- ***Action:*** A Business Improvement Group partner worked on the floor with the machine operators to identify delays and wastes. He taught the operators several tools to do this and over a six-week period, working together, they were able to identify more than 20 delays and wastes. Steps to implement fixes on the largest causes were taken.
- ***Results:*** With minimal capital investment, the team was able to lower costs by 15%+ and raise productivity by more than enough to meet customer demand.

AS-9100 qualification under time pressure

- ***Situation:*** A medium-sized aerospace contract manufacturer needed to qualify a new factory in Germany, certify against AS-9100 and run manufacturing trials on an extremely tight deadline.
- ***Action:*** A Business Improvement Group partner organized the project, Gantt Chart and interim deadlines, provided advice on the most effective way to write procedures and work instructions, led the manufacturing trials, and led the data collection and report-writing efforts.
- ***Results:*** The factory was qualified on time. It soon started commercial production and became profitable within 15 months.

Ensuring on-time delivery

- **Situation:** A mid-sized manufacturer of diesel fuel system components was providing poor on-time delivery service and building excess inventory across three U.S. based manufacturing and assembly plants. Production schedules were disjointed, and performance metrics were ineffective as tools for diagnosing performance problems.
- **Action:** A Business Improvement Group partner implemented a Value Stream based organizational structure designed to pull product through to the assembly facility based on customer demand. A Sales, Operations and Inventory Planning Process (S&OP) was established to align production capacity and plans with customer production and product development needs. New metrics and a common set of definitions and rules for calculating and reporting performance were implemented.
- **Result:** Noticeable improvements were noted from initial implementation, while full recovery of required delivery performance was achieved after 5 months. Gross inventory levels were reduced by 18%, scrap and rework costs were reduced by 20%. The Value Stream maps generated during the process formed the basis of further factory and process restructuring which yielded additional benefits.

Mine production increase

- **Situation:** An open strip coal mine Run of Mine (ROM) production was running 30% below budget despite a recent multi-million dollar investment in equipment and a new coal preparations plant.
- **Action:** A Business Improvement Group partner identified several bottlenecks in mine operations and in particular broken information links among the technical planning of drilling and blasting operations, the execution of the drilling and blasting of over burden and the equipment maintenance division. A daily tracking system was introduced, crucially supported by the daily presence of the mine manager, to provide a common view for all the relevant managers across the previously 'stove piped' departments.
- **Results:** Drilling and blasting productivity increased by 25% over a 4 months period and the bottle-neck switched to the truck and shovel operations which were tackled next.

Eliminate stock outs

- **Situation:** A manufacturer of molded rubber products for aerospace, industrial and automotive markets was experiencing a high rate of stock-outs, expired perishable materials (\$15K/mo.) and incomplete work kits at scheduled work order start date (25%).
- **Action:** A Business Improvement Group Partner worked with the company's shop floor, stockroom, planning and supervisory personnel to design a material "pull system" based on visual management techniques to plan and prepare for the release of work orders to the shop floor.
- **Result:** Within 30 days of implementing the pull system, shelf life related scrap was reduced by 90% (\$160+K annual savings) and incomplete kits were reduced to less than 2% of released orders. Further improvements were realized as the team became more comfortable with the new process.

Orderly wind-down

- ***Situation:*** A contract manufacturer for the telecom industry experienced a loss of 90% of sales in their primary markets and had been struggling to re-direct the business.
- ***Action:*** A Business Improvement Group partner was called in to perform a turnaround viability assessment and determined the company could not be restored to profitability. He successfully implemented and executed an exit/wind down strategy, negotiated debt reduction with 8 banks, closed and sold off 2 plants and equipment and orchestrated an orderly closing of the business.
- ***Results:*** Financial and legal impact was minimized to both the owners and creditors within a 12 month period.

Lower insurance premiums

- ***Situation:*** A heavy steel fabricator was experiencing escalating overall insurance premiums and increased risk levels.
- ***Action:*** A Business Improvement Group partner designed and implemented a company-wide Health & Safety/risk management program. Facilitated with outside training groups, insurance carriers and risk management consultants to both train and assist employees to form self improvement teams and worked on the floor in teaching employees best practices.
- ***Results:*** With minimal training investment, within the first year the overall corporate risk/insurance ratings improved by 20%, reduced workers compensation premiums by 50%, general business insurance premiums by 65%, and employee benefits and health care costs by 10%.

Excess inventory reduced by 40%

- **Situation:** A capital goods distributor was experiencing increasing inventory levels and didn't understand the root cause or solution.
- **Action:** A Business Improvement Group partner identified the reason as lack of controls and excess ordering for perceived customer demands. He worked with staff to identify and eliminate excess and obsolete inventory and streamlined and implemented a simple purchasing policy and procedure program as well as an enhanced inventory management system. Was also able to negotiate and establish creative consignment programs with suppliers.
- **Results:** Reduced excess inventory by 40% without experiencing outages and cash was increased to the company balance sheet by \$750K within the first year.

IT delivery consultancy from scratch

- ***Situation:*** A fast growing US based IT consultancy organization wished to expand to Austral/Asia.
- ***Action:*** A Business Improvement Group partner identified office locations and established a successful marketing, sales and delivery organization in two major Australian cities. Hired just under 100 consultants during the first 18 months.
- ***Results:*** Within 18 months the operation was profitable and the company successfully delivered IT projects to some of Australia's largest corporations.