

## CLIENT SUCCESS STUDY

CHEMICAL PROCESSING PERFORMANCE TURNAROUND

## TURNAROUND JUST IN TIME

**The Situation**

This chemical compound manufacturing facility of a F500 company had a troubling past. Historically a portion of the product line was a proprietary "leading-edge" material for the "big 3" automakers. The product range was positioned to become the major production requirement, however service levels, quality and production costs threatened the viability of both the product and the entire facility. Instead of "faster, better, cheaper" the plant was heading in the opposite direction.

**The Challenge**

Corporate headquarters had begun to take some corrective action. They had inserted a new plant manager with a mandate to "fix the problem". As the plant manager became more familiar with the facility, he realized that the issues and problems were considerably more complex and severe than initially thought.

An analysis was undertaken to assist in determining root causes. The preliminary findings determined that the extraordinarily high unit costs in production were largely due to poor forecasting and production planning, combined with mismanaged purchasing and inventory control. These fundamental structural issues were also the major contributors to deteriorating customer service. Late orders were increasing week over week, and were rapidly approaching the point where customer production would be negatively impacted, at a cost of tens of thousands of dollars per hour.

To add to the challenge, as well as the urgency, a new ERP system was in the process of being implemented, and the plant's ISO certification was scheduled for review and re-certification in less than 2 months.

Working closely with both the plant manager and corporate executives, a program was developed to address the key issues for survival of the plant.

**The Approach**

In order to kick off the program on the right foot, as well as position the relatively new local management, a two day off-site strategy session was conducted. During this time, the key P&L line items were broken-down and translated into specific operational metrics. Overall program goals and objectives were then merged with all other prioritized objectives and assigned to individual managers. The outcome of the session was that all management were in agreement with all the objectives, and each left the session with a clear understanding of their respective responsibilities for accomplishing the stated goals.

This approach was cascaded throughout the plant. Training workshops were conducted with all employees, both to convey the intent of the program, as well as provide basic problem solving methodologies. *The rallying cry throughout the plant quickly became "bring me a solution, not a problem"*. Utilizing the problem solving capabilities within each individual, and creating a flexible and responsive management structure "problems" became "opportunities" and these were fixed immediately.

**The Results**

Customer satisfaction and on time delivery performance increased by 50%, with rush shipments for late orders decreasing from an average of 10-15 per day to less than 1 per week, saving tens of thousands of dollars per month in expedited shipping costs.

Warehousing costs for both raw materials and WIP were slashed, and "just in time" methodologies were implemented from production planning through to purchasing. Quality defects were virtually eliminated.

The overall savings for the program was almost twice the initial commitment and resulted in a 6 to 1 return for the client.



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**SOLVING YOUR COMPLEX  
BUSINESS PROBLEMS**

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**S T R A T E G Y , T R A N S F O R M A T I O N S &  
P E R F O R M A N C E T U R N A R O U N D S**

**ABOUT GORDIAN TRANSFORMATION PARTNERS**

Gordian Transformation Partners is a boutique management consulting firm that integrates traditional management consulting disciplines with high-impact leadership practices and breakthrough thinking tools for mid-market clients. The result is a powerful consulting process that enables CXO's to solve their toughest business challenges with speed, efficiency, and economy.

Gordian Transformation Partners is headquartered in Atlanta, GA. We draw on the knowledge and experience of our consultants, whose skills span the initial generation of ideas and insights all the way through to detailed implementation. Gordian's consultants have lead transformation and turnaround initiatives for over 500 Global 1000 and mid-market companies in Australia, Belgium, Canada, Cyprus, Denmark, Finland, Hong Kong, Indonesia, Italy, Jamaica, Malaysia, Mexico, the Netherlands, New

Guinea, New Zealand, Norway, Portugal, Singapore, Spain, South Africa, Sweden, Trinidad, the United Kingdom, and the USA.

Gordian's consulting expertise addresses every area of your enterprise, from developing a transformation strategy to make your organization more customer-focused, to optimizing your supply chain investment, with the tools and expertise to help you reach your objectives.

Gordian draws on the knowledge and expertise of our consultants, whose skills span a wider range of capability than many other major consulting firms. The disciplines of Gordian's consulting specialists are underpinned by deep change management experience - managing risk, mobilizing staff and integrating initiatives to deliver sustainable change quickly.

Gordian Transformation Partners assists clients on a wide array of issues and problems, regardless of industry vertical. Gordian's

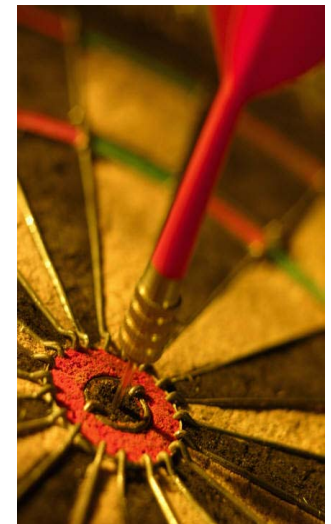
consultants' capabilities have been developed through years of experience creating solutions for the most complex, fundamental problems facing companies today.

Gordian Transformation Partners is focused on what is most important to senior executives and their organization:

- Enterprise Transformation
- Customer Driven Transformation
- Strategy
- Change Management
- Business Process Management
- Performance Turnaround
- Behavioral Development

Gordian Transformation Partners:

- *Help organizations produce extraordinary business results, while connecting and enriching the lives Gordian Transformation Partners touch.*
- *Works in a dynamic team environment, where you and your management team share substantially in the economic value that you help create.*
- *Trains and develops you and your management team, to realize your fullest potential.*
- *Transforms your organization to a collaborative, high-energy, and fulfilling work environment.*



***Is your business on target with your vision and customer expectations?***

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