

Environmental controls manufacturer turns up heat on non-production expenses

Leading manufacturer of automated environmental controls, with 4,000 employees and manufacturing/distribution sites throughout the world, wanted to improve back office productivity across all non-production functions. Its product line included temperature sensors and controls, thermal cutoffs, and motor overload protectors for use in HVAC, appliances, automotive and commercial electronics applications.

With the stated objective of improving the order-to-cash process to reduce the waste and improve resource productivity, the company selected USC Consulting Group (USCCG), an operations management firm known for its ability to apply world-class operations management practices to back office functions. Said the company's president and CEO, "We had lots of high-level process maps, but were not seeing a lot of change at the point of execution. That's when we knew we had to go outside for assistance."

USCCG's assignment was to look at what the client called their "swim lanes," as defined by Oracle. These cut horizontally across the organization including such functions as accounts payable, accounts receivable, procurement, etc. The consultants were to look at order-to-cash or procurement-to-pay, the finances, because they affected all of the different vertical organizational structures and were thought to offer a truer picture of the nature and magnitude of the savings opportunity.

Once on board, USCCG performed a detailed review of existing information flows and transactional processes across the company worldwide. Team members worked diligently alongside the client's management team to obtain a more



Key Metrics

- False credit holds reduced by 66%
- Labor force reduction opportunity identified to be 38%
- Cumulative savings of over \$500,000 annually

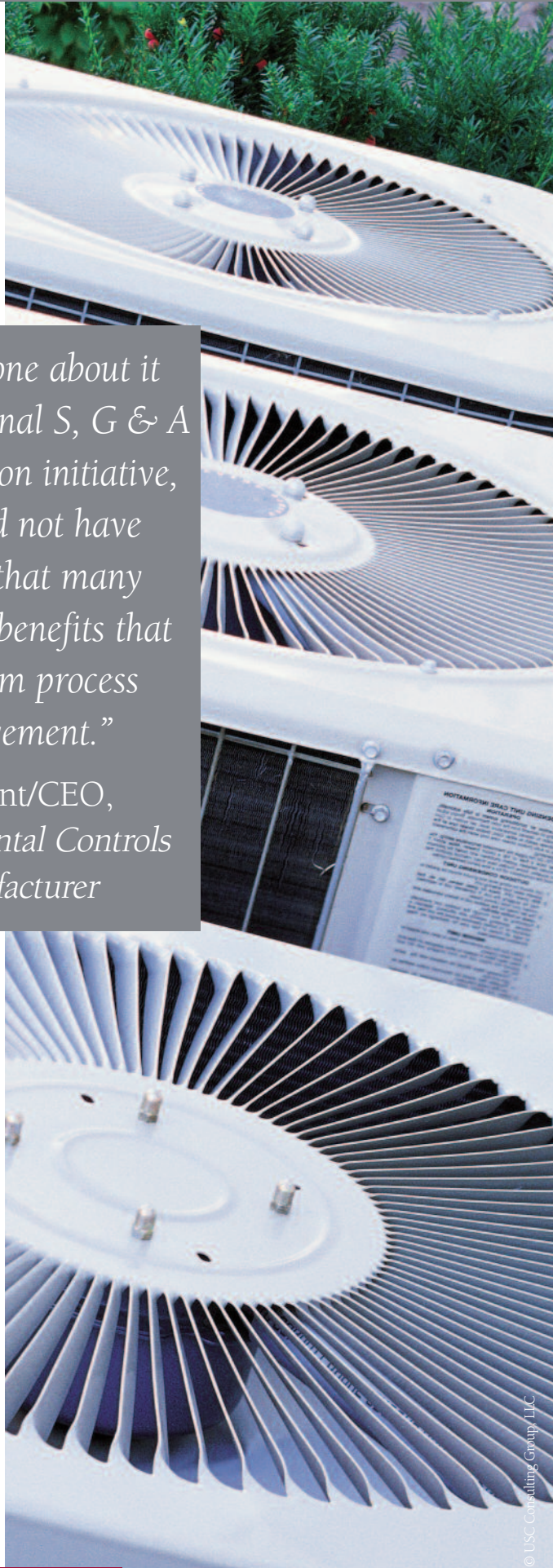
in-depth understanding of processes and methodologies. Their objective was to identify opportunities to drive improvements in productivity and throughput that would result in a 15%-20% improvement in salaried productivity.

The consultants performed a detailed system review that depicted the “as is” order-to-cash process for North America, Asia, and Europe -- in the process identifying opportunities to streamline the business processes as well as potential savings opportunities. They then went on to design and implement a “future state” order-to-cash process. This included developing and implementing visual Lean management tools such as process monitors, weekly operating reports, action item management, customer service crewing guides, and regular system audits, to increase awareness of capacity and performance erosion globally.

They are currently in the process of automating sales order acknowledgements and addressing SKU/pricing linkage issues. They are also in the early stages of discussing a follow on engagement which will focus on optimizing the forecast-to-build process.

Summing up the engagement, the president and CEO, said, “If we’d gone about it as a traditional S, G & A cost reduction initiative, we would not have realized the many associated benefits that come from process improvement.”

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President/CEO,
Environmental Controls
Manufacturer



First we make it work. Then we make it last.®

For more information, contact us at 800-888-8872 or www.usccg.com.