

Case Study

Core Competence



The Challenge

A traditional German engineering business acquired by a pan European business had grown a number of divisions piecemeal. The business provided turnkey solutions for the packaging industry, including the design and development of factories, lines, tooling, forming machines inspection lines and material handling. The divisions operated independently and competed for funding. A lack of focus around one coalescing core meant that the competition who were more narrow in their specialisms were developing better 'state of the art' equipment and eating into their market share.

Barely profitable the business was stagnating and in slow decline. Further, exacerbated by declining staff retention service levels and quality.

Management required support to understand whether to develop all the business segments or rationalise. Then it was essential to build a phased framework to prioritise, strengthen, focus and drive growth.

Key Project Results

Business was re-organised around a newly identified core competence

Within 18 months profits improved by over 2m Euro

Quality and staff retention improved greatly

Project Overview

Over a period of five weeks (data capture required additional work) an in-depth quantitative and qualitative assessment was conducted of the business's divisions, core competence (ies) and strategy (ies).

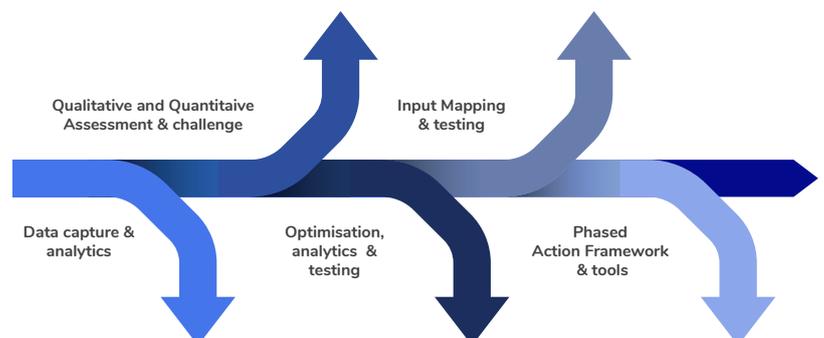
Particular focus was given to challenging and better understanding the business's core competence and how the strategy was aligned to it and was supported and strengthened by the inputs, actions and resource deployment.

Following the first 2 project phases a prioritised management framework was developed to support a rationalised set of business segments which reinforced and leveraged a newly identified core competence.

3 key project deliverables were identified:

1. To arrest the deterioration identify what was essential to strengthen and provide a future growth focus to the business teams.
2. Marry the business's core competence, phased strategy and key inputs into a time-based delivery plan and prioritisation tool.
3. Meld the inputs, critical control points with the dashboards and cultural cues ensuring a strong communication ethos up and down the organisation. Empowering teams to take decisive action, promptly.

Project Phases



Delivering advanced performance by marrying real world experience & leading edge analytics

Key Issues Faced

Historically, the business had grown piecemeal spawning a plethora of smaller un-coordinated units. Co-operation was rare. Trying to be 'all things to all men, but master of none' it was falling, technically, behind its rivals, who were focusing on a smaller number of specialities. Lost tenders resulted in cost reduction exercises, de-motivated staff and key skills being lost.

By not adequately understanding its core competence it was not aligning its strategy actions or inputs - dissipating its efforts.

The Solution

Challenging the team they realised their claimed core competence was not mechanical engineering, but software development and control systems. In particular, the development of smart systems marrying material flow, forming, inspection and product handling. This improved view led to an optimised set of actions, inputs and resource deployment strengthening and leveraging this critical capability.

A number of areas were rationalised and the separate technology teams were re-organised under one umbrella to support, co-ordinate and develop solutions across the segments ensuring that protocols worked together in support the development of a 'smart factory-wide system'. Thereby creating a singular direction and focus.

Customer stickiness, profitability and growth were improved by closer integration, needs identification and formation of 'smart' technical assistance tools.

4 Key Project Success Factors

01

Challenge

Using observation, discussion and quantitative analytical tools the 'go-forward' strategy was challenged & optimised. Then tested.

02

Phased Strategy & Inputs

Each time-based phase of the strategy was identified. The inputs were mapped by process and phase then assessed across 3 dimensions and tested.

03

Soft Inputs

Culture, disciplines, communication and a sense of ownership and responsibility were vital inputs and essential for ongoing success.

04

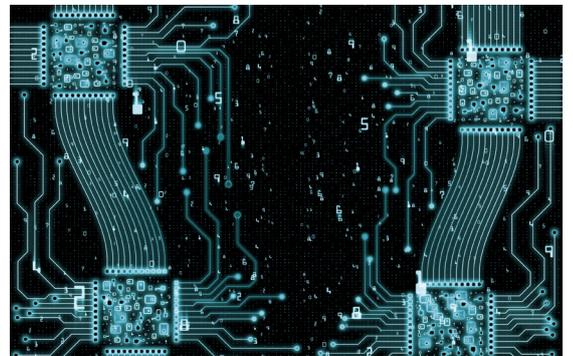
Communication

It was imperative the process, framework and dashboards were communicated throughout the organisation and teams empowered to act.



The Results

- Several business areas were rationalised, and key skills re-assigned to developing digital based engineering solutions.
- Within 18 months profitability improved by over £2m, despite the rationalisation costs associated with the change.
- Employee retention significantly improved and the apprentice system was rebuilt, with a focus on digitisation skills.
- A new business unit - Technical Advisory & Support Service was created. working across the business and leveraging the strengthened digitisation competencies



Final Reflections

A coalescing direction with a clear focus was a key input, contributing to the speed of change and its eventual success.

Critical to the project was involving the wider employee base, especially opinion formers.

Aligning the control system to inputs at a detailed level, re-inforced and leveraged strategy.

Don't mistake motion for real action

"If you define the problem correctly, you almost have the solution"
Steve Jobs