

## Case Study

# Business Process Analysis of a Growing Warehousing & Distribution Company

*There is nothing so useless as doing efficiently that which should not be done at all. - Peter Drucker*

### Company Background

This global business has manufacturing operations in four countries on two continents. Its high quality filtration products are distributed in over 80 countries and the company's annual revenues exceed \$250m. In the early 1990's, the Australian subsidiary was founded to provide local warehousing and distribution of the parent's offshore manufactured products. This Sydney-based subsidiary has grown significantly and has now captured in excess of 80% of the local market and employs approximately 30 people.

### The Challenge

Over the years, many of the Australian subsidiary's internal systems and procedures were developed on an ad-hoc basis, finally reaching the stage where the integration of these systems both within the local operation and the German parent, had become extremely time consuming and costly.

As is often the case with a growing company, the original systems and procedures that were developed for the business were gradually 'out grown', to the point where some of them were no longer suitable to the organisation. Gradually, more informal systems and procedures were created to overcome the limitations of the original processes. This not only increased complexity, but also decreased operational efficiency as the informal systems required additional time and effort, simply to maintain them.

### The Solution

Inform Consulting Group was asked to review the current environment and provide a *holistic review* of the internal systems and procedures, and make recommendations for improvement.

All the major internal systems in the Australian subsidiary were mapped and analysed to determine:

- Areas of duplication
- Manual processes
- Unnecessary and obsolete processes
- Non-Integrated processes
- Processes requiring high skills and excessive data manipulation

- Time consuming and costly processes
- Opportunities for automation and improved integration with the global parent's ERP system.

Following the analysis, Inform Consulting Group delivered recommendations that create an operational environment where:

- Less time is spent on *operational matters* including the *extraction and manipulation* of data from non-integrated systems.
- Where feasible, informal systems reliant on skilled and experienced staff were *eliminated*.
- Systems and procedures were *integrated, simplified and standardised*.
- Business *risk* was reduced.
- *Operational costs* were reduced.

#### The Outcome

A prioritised list of 16 recommendations are being implemented by management and are delivering significant benefits to the organization including:

- Direct labour savings of 2 full-time employees. Although no-one will be made redundant, these "free" resources will be re-allocated to new business (market) development, thereby generating a 'real' saving as no new employees need be hired
- 30% inventory reduction due to improved planning systems, cash-flow & interest savings
- 20% less warehousing space requirements – potential saving includes a smaller warehouse (less rent) without a reduction in service levels
- Lower risk profile with less dependence on highly skilled individuals to manipulate data and prepare manual data integration
- Significantly improved operational efficiency and overall business productivity

To quote the Managing Director – "An extremely comprehensive and thorough analysis of our processes by Inform. This analysis has enabled us to implement major process improvements and cost savings"