

Business Performance Improvement

There are significant variations in operational and financial performance between leading and lagging medium sized manufacturers and distributors. For example, the best performing manufacturers:

- deliver to promise 99% of the time
- meet product quality requirements 99% first time; and
- have reduced unit manufacturing costs by greater than 20% in the last 3 years.

The worst performers meet delivery and quality requirements only 90% of the time, and their unit manufacturing costs have increased by upwards of 20% over the same period. [Source: Industry Week "Census of Manufacturers", 2002]

As the basis of competition is increasingly an organisation's ability to provide superior service, there has been a shift in the drivers of value within businesses. Recent studies from the Brookings Institute estimate that the book values of tangible assets now account for 10%-15% of the market values of industrial organisations in the U.S. This compares to 38% ten years ago and 62% in 1982. The opportunities for creating shareholder value are moving from managing tangible assets to exploiting, managing and improving intangible assets, including organisational processes as the mechanism for implementing business strategy.

Leading manufacturing and distribution businesses are driving improved performance through developments in processes and technology. They are focusing in the areas of the business that are principal drivers of competitive advantage and shareholder value. Increased economic and market uncertainty can make businesses reluctant to invest in such developments, concentrating instead on belt tightening, but this can be the best time to build advantage to strengthen the position of your business for the upturn.

How our Business Performance Improvement Programme Can Help You

Intercai helps businesses uncover and realise opportunities to improve performance that ultimately increase profitability and competitiveness. Areas of performance that we address include:

- Operational efficiencies
- Service Quality
- Quality costs
- Product availability and lead times
- Inventory levels and stockholding costs
- Market Share, Sales Volume and Margin
- Materials purchase costs

The nature of the opportunity and approach to realising it depends on the individual business circumstances.

Our Approach

Whilst we are flexible in how we address a client's particular requirements, we follow a generic, structured approach. This is based on the principle of allowing businesses to take advantage of investment opportunities in process and technology, at manageable levels of risk, and often within tight budgetary constraints.

Elements of this approach are:

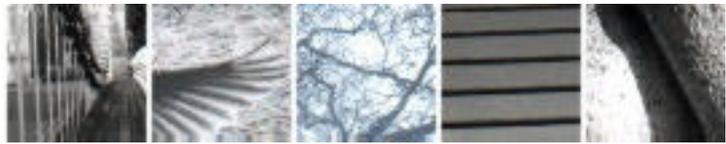
- Rigorous analysis and planning – before committing to significant capital expenditure, we provide detailed quantitative analysis indicating benefits and risks for a number of planning scenarios.
- Modularisation and Phased Implementation - to ensure that the exposure of the business is minimised at any point in time, and to balance "quick wins" against longer term deliverables to minimise payback timescales and funding requirements.
- A highly integrated, holistic approach to embedding business change, ensuring alignment between inter-related aspects of business performance including strategy, process, information systems and management control.
- A focus on shareholder value – our independence ensures objectivity in prioritising those improvement opportunities that meet a defined business objective and deliver the highest, most tangible returns.
- Highly controlled delivery - the delivery of benefits is managed through a system of measurement and control that can be applied in the project environment and operationally to support seasoned project managers in achieving targets

The Intercai Performance Improvement Framework

The start point is generally a **Business Diagnostic Workshop** to establish how areas of the business are performing, and determine where opportunities for improvement may lie. For example:

- does the business strategy appear to be lagging developments in the market?
- do issues seem to indicate weak process or are there identifiable opportunities for the introduction of best practice?
- are management control systems effective in driving performance, or are business systems under-performing?

The workshop is run over a day, involving individual functional managers for a short period. Our report recommends next steps for achieving identified improvement opportunities.

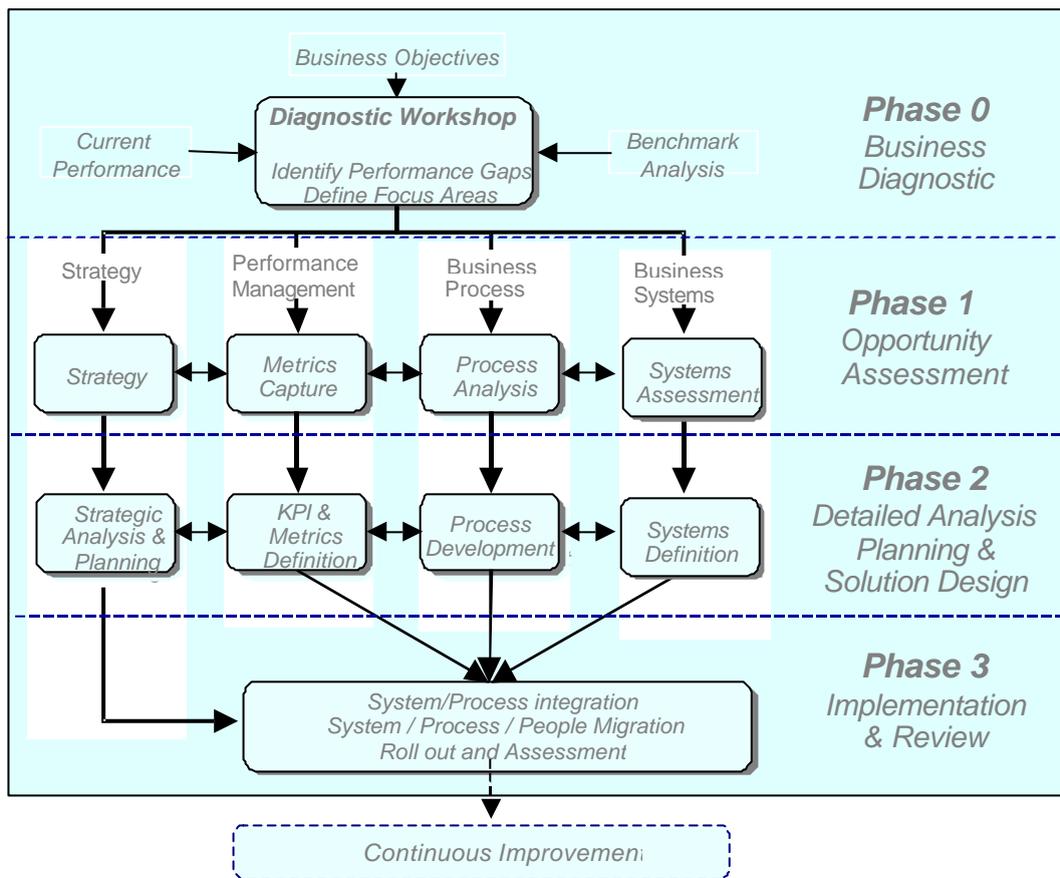


The **Phase 1 Opportunity Analysis** is a short study to quantify the potential opportunity from identified plans of action; focusing attention on those areas that will realise the greatest benefit and make recommendations for **Phase 2 – Analysis, Planning and Solution Design**. The objectives of this phase are to develop and plan the solution, which may comprise elements of strategic analysis, performance measurement and the development of processes and systems. The outcome is a solution design, implementation plan, and a detailed business case based on quantitative measurement and analysis.

The **Phase 3 Implementation** of the plan involves change management, process and systems implementation. Following this Phase is the review of the project including the comparison of planned and delivered benefits.

Intercai's Business Performance Improvement services include:

- **Process Development** – the analysis, modelling, measurement and re-design of business processes to achieve step changes in process performance
- **Performance Measurement and Control** – the design and development of measurement and control systems to drive the achievement of strategic objectives
- **Strategic Analysis and Planning** – including the review and development of product/market strategies and the design and planning of Supply Chains
- **Systems Development** – the assessment, analysis and development of business systems to support business processes and management information requirements



The Intercai Performance Improvement Framework

Intercai Mondiale is an established business consultancy with a proven track record of implementing and managing business change.

For more information about our services or to arrange a Business Diagnostic Workshop please contact Jeremy Povey.

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