

The inside view

What have consultants ever done for you? That's the question Ken Hurst puts to a number of manufacturers

Remember the People's Front of Judea from *The Life of Brian*? The bit where Front convenor Reg and his commandoes argue about what the Romans did for us and decide that apart from better sanitation and medicine and education and irrigation and public health and roads and a freshwater system and baths and public order and peace, the answer was not very much.

Some in the manufacturing industry feel the same way about consultants. The question we asked of manufacturers was: 'What have consultants ever done for you?' Overwhelmingly, the answer was: 'They helped to make us lean.'

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Consultants and manufacturers alike may couch what they're doing or what they're seeking in various terms, but it inevitably

comes down to achieving greater productivity through greater efficiency; mainly by tackling what they call 'the people issues'.

It holds true whether they are giants of their industry sectors such as engineering colossus Alstom and food sector brand leader United Biscuits, or smaller players who, in the words of MAS East Midlands chief executive Tony Pritchard, need to "bridge the gap between the expertise that is inherent in larger companies" so as not to be disadvantaged.

At United Biscuits, Carlisle, manufacturing change leader Peter Scott wanted his appointed consultancy "to look at how we could take our old traditional management style and convert this to a lean roll out programme".

James Walker, making highly engineered products for the petrochemicals sector, had to increase productivity with the help of The Manufacturing Institute (TMI) to turn losses to profit.

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Carl Tomlinson, The Manufacturing Institute



Miles Cole

Alstom needs a policy deployment plan to keep on track.

Bearings and automotive components manufacturer Schaeffler's Llanelli, South Wales plant instigated a cultural change programme to persuade its parent group away from the temptations of Eastern Europe.

McCain placed its chips on the whole supply chain for efficiencies, from the point when "you pull a spud out of the ground", says TBM Consulting Group's Richard Holland.

Currently, it seems it is the food industry in particular that is feeling the brunt of a struggling macro economy. Conditions that are driving wheat and other commodity prices up are really hurting food companies at the moment. That's the view of Carl Tomlinson, principal consultant at TMI. "They're being squeezed by supermarkets, commodity suppliers and by their haulage companies and it's causing them to be increasingly cognisant of their competitive position and how they can offset these inflationary increases," he says.

But there's good news, too. Tomlinson believes that although "there are one or two

lean food producers, in the majority that I've seen, there's a lot of potential still to go."

Liam Harrington from sales and operational planning specialist Oliver Wight pretty much agrees. "Squeezed" is also how he describes the current position of consumer goods producers faced with inflation and "very powerful retailers" like Tesco. "You need to have a plan B and a plan C," he says. "The big driver is not so much for efficiency as being able to look forward in time and predict what's going to happen in those areas and understand what you're going to have to do in terms of your pricing. People ask 'how can we add more value to what we do?'"

Like Tomlinson, he also believes there's "enough room for further efficiency", but says, after being in consultancy for 23 years, "the sad thing is there are any many organisations who've been talking about what they've been doing, but not really doing it".

DAK Consulting's Dennis McCarthy believes food and drink companies were forced to come out of their comfort zone with Walmart's takeover of Asda. Now, with prices rising, difficulties in passing on costs have

increased further.

"At least one of our customers, who shall remain nameless, has carried out a major restructuring, and I think rightly so, in order to sustain for the future," he says. "The good thing about them is they still see the value of trying to engage [with their] people."

At United Biscuits, Peter Scott wanted to move from "dabbling in the past with one or two things around value stream mapping and OEE" to being provided with lean skills that could be applied "on a much wider level for the whole site". He describes the process as being "like a snowball coming down a hill". His consultancy - TMI - helped to design the snowball at the start and now it has begun to move under its own momentum, he says. "Initial intervention was 12 days in total but spread over three months - that was with the senior team, but after that we realised we needed to engage our middle management and then the shopfloor."

Now, directors elsewhere in UB have seen what has been done at his Carlisle site, giving rise to three further interventions with more to come among the company's 11 major UK

manufacturing facilities.

"A lot of people think they understand lean in terms of tools and techniques, but it's more about the culture and behaviour of the managers than anything. Getting that change is the most difficult thing," Scott believes. "It's the impact on the pounds and pence we're looking for and we've definitely had an impact on the pounds and pence which have been affected in a positive manner."

Money talks

TBM's Richard Holland is someone else who believes in delivering directly to the bottom line. Asked what are the outcomes of his group's interventions with clients such as McCain and Alstom, his answer is unequivocal: "Straight money," he says. "We create the company plan together, then lean sigma forms the basis on which we make that happen. When we start work with them, we will have identified together what is the projected benefit and the cost. We would expect that it should have broken even in the first six to eight months and by the end of the first year, there should be a significant saving on top of our costs. Once we're into full flow, we expect a three to five times saving over what they spend with us."

But to begin with, Holland says, UK manufacturers need to stop looking at lean sigma as a toolbox and start thinking about how strategically they need to change their operation.

Strategic change is something for which TMI's Tomlinson has a neat metaphor.

"In 1968, Dick Fosbury won the Olympic high jump by quite a long way because he used a new jump called the Fosbury flop," he reminds us. "Previously people had incrementally increased performance by using the straddle jump. Then this guy Fosbury came along and actually changed the process of jumping. He didn't make the existing straddle jump more efficient; he actually redesigned the process of the jump. That for me, is what lean thinking is all about."

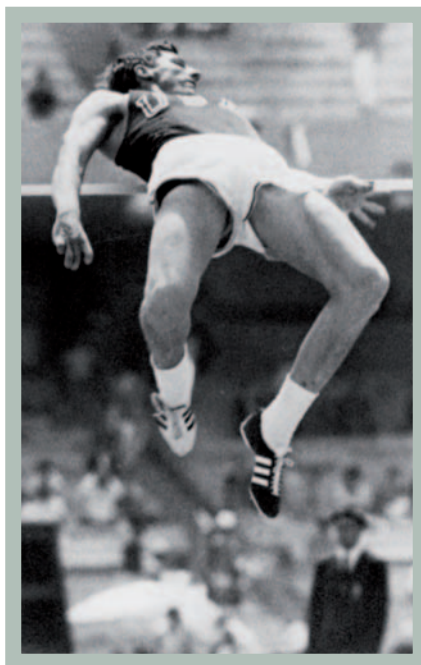
It was this kind of cultural change that was in the air when Roger Evans took the job of plant director at Schaeffler UK's Llanelli plant in 2001.

"Our group was doing what all big groups do, looking towards Eastern Europe," he says.

"We wanted to be ahead of that game; wanted to make sure that we were ready for anything that came our way and that we could remain here, manufacturing in South Wales." He admits to being sceptical about consultants – "people who borrow your watch to tell you the time" – but democracy was the order of the day and his management team went with what he describes as the all-embracing approach of the aptly named local firm Holistic Services.

"We wanted to remain manufacturing but we wanted to articulate where we really wanted to be in the future. We wanted to be the factory of choice for our group and for our customers, so we came up with an action plan; our action plan was about learning about some of the soft rather than hard issues," Evans says.

"It was about participation rather than issuing statements emanating from a series of toolboxes. Using all the lean tools and techniques can give you improvements, but



Nottingham University, as well as using its own staff research. "One of our guys did an MBA, part of which was his own survey on motivation," says Evans who has also seen a "tremendous improvement in productivity as well as morale and people engagement".

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Roger Evans, plant director, Schaeffler UK

does it give you sustainability? And is it encouraging people to do the right things and not just do things right? This was our focus and we've been on that journey ever since." It's a position he describes as being lean yet not lean, and is achieved through a value-added partnership that is making a difference.

How is he able to measure that difference? "Hopefully on the bottom line but sometimes it takes a while to get there, and it's also measured on employee engagement."

So as not to get stuck in a rut, Schaeffler runs motivation analysis surveys with Cambridge University, learning surveys with the manufacturers' organisation EEF and

Perhaps most important of all though, he says: "I don't want my parts made in Europe, I want them made in South Wales and that is what has happened, there has been new investment into the plant; we've achieved what we set out to do."

Although it may seem that for the whole world of consultancy and its clients, lean by any other name is the word, that is not entirely true. Some of the same forces that are driving manufacturers towards ever greater operational efficiencies are also driving some of them into each other's arms. This is the territory of the likes of Big Four player Deloitte and perhaps less likely, the proprietor-run Wolf Unique.

Deloitte's Stuart Simpson says his firm used to be engaged with "quite a lot of smallish projects with a quite operational focus; about process improvement and classic lean, Six Sigma". But, he adds: "We really don't do much of that at all now as our rates don't compete with the small and average [size] guys out there who specialise in that kind of stuff. We tend to focus on large multi-competency type projects where we look at different parts of the firm in one project – there's been a big shift in that respect."

Quite a lot of work is now, Simpson says, in after sales, the after market, rather than on the visible part of organisations which was the focus in the 1990s.

Mergers and acquisitions

While there is no typical project for Deloitte, its deployment is likely to be on large and complex projects such as merger and acquisition work where it has the advantage of still operating its consultancy alongside its corporate finance and tax expertise. "Essentially, we can redesign ourselves in order to match what the client wants or needs. Clients come for deep expertise and competency but they also get pace and agility and that sometimes takes them by surprise."

Wolf Unique's proprietor Farid Ahmed's 20-year stint in the metals industries is particularly useful to him in the current climate. He says: "With metal prices doing what they're doing, people are looking to expand and grow by acquisition, short circuiting the work of prospecting or digging a hole in the ground. Very often, he finds himself working at the due diligence end of mergers and acquisitions – often on behalf of an investor, perhaps a bank – as metal producers look to increase capacity by acquiring other producers.

However, the last word in consultancy/multi-competency relationships should maybe go to MAS' Tony Pritchard.

"Most of the time they know their issues and we help them focus on them. Very often they know the solution but don't have the skill set to provide it." ■

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