

Improving productivity by 31% for a successful business that was already achieving 20% EBITDA

Leadership and alignment around change was critical to helping the company tap into new commercial markets

The results

Maine Pointe's experienced team helped our client:

- Reduce its workforce by >30%, for a company that was already achieving 20% margins, and transform the culture into an engaged, dynamic workforce
- Achieve a 31% productivity improvement overall
- Improve direct labor productivity by 25-53% at each client site
- Maintain quality and 100% on- time delivery
- Improve visibility to costs, profits and variances to plan
- Improve EBITDA by 9%
- Achieve a ROI of 6.4:1

This story is for executives who:

1. Want to change operating practices and enhance their culture to enter new markets.
2. Are specialist manufacturers who want to improve efficiency and identify new revenue enhancement opportunities.
3. Want to align their workforce behind strategic goals in a unionized environment and maintain quality standards.

The challenge

This specialist chemicals and materials company is a leader in advanced battery technology. The business has historically focused on providing advanced batteries, battery management systems, and energetic devices for defense, aerospace and medical markets.

Although the company was already profitable, with >20% margins, its new owners needed to achieve threefold growth over the next five years. To achieve this goal, they needed dramatically lower costs in operations while maintaining high quality and delivery standards, allowing them to be competitive in new, commercial markets.

Our challenge was to infuse best practice and operational excellence across the entire organization and develop the management team to enable them to take control of their business and drive performance improvements.

Achieving a 180° change in culture

Our analysis of the company's operations uncovered a 'cost plus' culture. Problems were typically tackled by hiring more people or buying more materials. The analysis determined that the workforce could be reduced by 50%, but the challenge was how to implement such a drastic reduction in a unionized environment while maintaining high morale and standards.

To solve this problem, Maine Pointe's Operations Excellence and Leader and Organization Improvement (LOI) professionals worked hand-in-hand with our client. Together we developed and delivered the tools and training required to rebuild a dynamic culture based on ownership. To achieve this we:

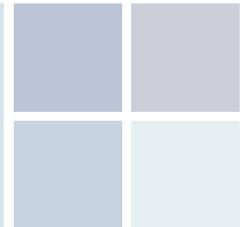


- Engaged all employees from management, to supervisor, to the shop floor. This built the bottom-up and top-down trust and confidence that would enable them to work as a team
- Created a Manufacturing Master Schedule that detailed the resources required to meet production
- Sized the workforce in each area appropriate to the new Master Schedule
- Conducted both formal training and on-the-floor coaching with each supervisor and manager in using the tools of the new Manufacturing Management Operating System (MOS).
- Provided tools on the floor that tracked success against plan by hour, shift, day, week and month. This created a healthy competition between colleagues which motivated them to perform well

With an engaged and enthusiastic workforce and a significantly reduced cost base, the organization now has the ability to actively manage and grow its business.

Lessons Learned for Other Executives

- Don't underestimate the level of opportunity that may exist when moving from one operating model to another
- With proper leadership drive and goals you can re-energize management and workforce within a dynamic organization where change is viewed positively
- There is an opportunity for operational improvement in even the most specialized business



Want to **improve competitiveness** in your business?

Need help to **'right size' your workforce** while **maintaining quality and morale**?

Talk it through in a no obligation phone call or meeting with one of our executives.

Email info@mainepointe.com to arrange a call

About Maine Pointe

Maine Pointe is an operational implementation focused consulting firm that accelerates measurable performance improvements in both EBITDA and cash flow for chief executives and private equity firms around the world. As specialists in procurement, logistics and operations, Maine Pointe is uniquely positioned to accelerate measurable improvement across the buy-make-move-fulfill supply chain to deliver the greatest value to customers and investors at the lowest cost to business through Total Value Optimization™.

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