

ENTERPRISE BUSINESS SYSTEMS PROGRAM MANAGEMENT

\$8 Billion Global Hospitality Company in the Hotel, Resort and Timeshare Industry

SITUATION

- Company recognized its inability to satisfactorily deliver finance function goals with disparate business systems and absence of a 'single version of truth' for data availability
- Lack of data integrity was identified as the 'show stopper' for a potential public offering
- Company had two failed attempts to start the project and selected FTI to program manage the initiative as it embarked on a global implementation of:
 - Enterprise-wide financial planning system
 - Enterprise data warehouse solution
 - Financial planning software
 - Master data management and business analytics

OUR ROLE

- Retained by the company to assume the project management officer role to manage the global system-wide IT implementation including:
 - Preparation of 'Request for Planning'
 - Manage vendor selection process using benchmark tool-set
 - Development of vendor selection criteria using advance qualitative and quantitative techniques including providing training to business and IT team members
 - Vendor management process
 - Program management including forecasting, budgeting and resource planning
 - Development of business case for rapid deployment of a best of breed business analytics software package
 - Facilitate development of functional organization structure for the finance department to undertake program implementation
 - Management of PMO (Program Management Office)

OUTCOME

- Client team was able to obtain board approval for \$150 million enterprise wide program implementation
- Objective management of globally competitive RFP process led to selection of turnkey implementation partner
- Program was managed using best practices in phases that did not disrupt ongoing operations
- Multiple work streams progressed across local and international levels
- Capabilities were transferred to in-house staff for managing the PMO

LARGE SCALE BAKERY OPERATION

Large Bakery Experiencing High Levels of Variability on its Production Lines

SITUATION

- Senior management presented with average metrics and often unaware of high performance volatility within operations
- Excessive waste, unplanned overtime and high repair and maintenance costs are telltale sign of excessive operational variability

OUR ROLE

- Detailed 'Day in the Life of (DILo)' studies are conducted to assess issues of variability. Representative examples include:
 - Operator variability
 - Material variability
 - Shift variability
 - Equipment variability
- Using a 'practical' Lean-Six Sigma methodology, root cause analysis and performance improvement projects are initiated to consistently deliver 'Best Demonstrated Practices (BDPs)'. This includes:
 - Evaluation of factory footprint and run size
 - Assessment of change over philosophy and scheduling
 - Analyze efficiency through examination of rework, scrap rate, variances, shop floor problem solving, labor utilization, temps, overtime and automation

OUTCOME

- Shift analysis for the bakery's operations resulted in:
 - While day shift has trended up, the OEE for night shift has declined over the last quarter
 - Within day shift, the OEE swings from a best demonstrated performance of 98% to a low of 43% for quarterly average of 77%
 - Within night shift, the OEE performance swings from high of 100% to a low of 37% for a quarterly average of 72%
 - Day shifts have registered multiple highs in December which is a good sign, but night shift has registered multiple lows suggesting a special cause
- FTI recommended two options to consider:
 - Review of night shift operator qualifications
 - Introduction of additional quality control during night shift
- Excessive waste, unplanned overtime and high repair and maintenance costs are telltale signs of excessive operational variability

PET FOOD PRODUCER

A Leading Contract Manufacturer Struggling with Underperforming Plants

SITUATION

- A \$370 million wet pet food manufacturer was beset with product proliferation comprising of cans, pouches and cups for dogs and cats in multiple weights and for various formats such as loaf, cuts, flaked, sliced and grilled
- Management was interested in understanding product profitability and rationalizing underperforming products

OUR ROLE

- FTI performed an assessment of historical performance of product profitability that was integrated with operational efficiencies across multiple plants and production lines to understand product profitability and identify the best location to produce the products
- The actual performance was compared against budget to understand performance gaps and develop product profitability improvement plans

OUTCOME

- Recommendations:
 - Excessive product and customer complexity was visible in unfavorable performance for the month in review that had negative price and mix variance
 - Adjust standard costs to reflect the effects of volume on operational inefficiencies including:
 - longer set-up cycle
 - suboptimal production runs
 - high volume SKUs were being penalized to provide improved variance reporting by product
- Benefits:
 - Focused process improvement projects identified for high volume-low margin SKUs
 - Low volume-low margins SKUs were outsourced or selectively retired after discussion with customers
 - A template was created to measure product profitability performance
 - SKUs were relocated to best performing line and plant
 - An underperforming plant was closed down

SEAFOOD PROCESSOR

A Premier Brand Struggling to Manage Global Supply Chain

SITUATION

- A seafood processor had a long supply chain that was subject to seasonal fluctuations on both supply and the demand side
- Sales forecasts and processing were disconnected. The fragmented approach led to:
 - (-)95% to +180% variance in crab orders filled from Asia
 - Over-production of \$2.6 million (9.9% of sales) on 61 SKU's

OUR ROLE

- FTI performed an assessment and identified the root causes that included:
 - Limited sales involvement in planning
 - No integration between US operations and finance planning
 - Suboptimal decisions in Asia
- The consequences were modeled and included highlighting:
 - Cash tied up in inventory
 - Slow and obsolete inventory
 - Loss of margin to move inventory
 - Raw material tied up in non-moving SKU's
 - Customer orders shorted
 - Lost revenue opportunities
 - Low credibility with customers
 - Sales staff de-motivated
 - Production staff frustrated

OUTCOME

- Recommendations:
 - Integrated sales and operations planning with 13 week cash flow and fulfillment accountability
 - Instituted an integrated sales operations planning process that includes the customer demand, pricing, cash, profitability and availability considerations
 - Began with a pilot process on core products and moved away from 100% reliance on historical sales to demand and supply trends that optimize cash and profitability
- Benefits:
 - Immediate Term:
 - Significant improvement in the allocation for core products
 - Inventory reduction of \$2 million
 - Medium to Long Term:
 - Reduced finished goods inventory by 25% or \$4.5 million

SERVICE ORGANIZATION

A Market Leader Struggling in a Hypercompetitive Environment

SITUATION

- A market leader in live sales and event management services was experiencing plateaued growth and leadership was unable to pinpoint the drivers of sustainable business growth
- Product and service leaders lacked common understanding of drivers of success and management felt that sales teams were inefficient
- Costs were getting out of control and negatively impacting business profitability

OUR ROLE

- FTI analyzed the business and facilitated the C-suite to develop a data driven decision making model that was combined with predictive analytics for program planning of future sales events. Key activities included:
 - Development of causal drivers and variables for business growth
 - Six sigma based geographic analysis for variables of programs and events success
 - Organizing pilot programs for various products in different regions to validate predictive analytics

OUTCOME

- Management undertook strategic decision to address underperforming markets and products
- Pilot programs were conducted to validate the predictive analytics
- Event calendar was developed that mapped success of pilot program for identified profitable event locations
- A simplified balance scorecard was developed that drove the sales and operations planning process

STEEL PRODUCTS MANUFACTURER

A Large Multi-Country Firm Struggled With Multitier Reporting and Multiple Legacy Systems

SITUATION

- A \$500 million multi-country, regional investment for coated steel products division needed a unified business performance management scorecard
- Country and regional managers were concerned about creation of excessive reporting structure while corporate leadership was unable to benchmark operations to make best decisions for the portfolio

OUR ROLE

- FTI team members facilitated management teams in various countries that included:
 - Mapping 'Information to Knowledge' process
 - Establishing key business drivers
 - Alignment of reporting metrics
 - Assessment of supporting enterprise systems
 - Roll-out of multi-tier balance score card

OUTCOME

- Alignment of business strategy: Business performance measures were linked to a multi-dimensional reporting trees and causal drivers
- Business information architecture was defined: Data governance structure was put in place for quality, timeliness and streamlined flow of information from various enterprise systems to a consolidated business data warehouse
- A multi-tiered business performance dashboard was developed that was automated to capture information from enterprise systems
- A management business performance review process was rolled out
 - FP&A teams were trained to facilitate monthly management review meetings
- An integrated perspective of business performance at local, regional and corporate levels helped in informed decision making

VINYL HOME PRODUCTS SUPPLIER

A National Leader in Vinyl Home Products

SITUATION

- Customer satisfaction increasing with a disproportionate increase in 'cost to serve'
- Unacceptable transportation costs increasing as company struggled to service customers
- Product development process out of sync with the strategic intent
- Lack of accountability due to unclear roles and responsibilities across senior and mid-tier management
- Performance management systems did not support organization
- Customer retention beginning to impact operations

OUR ROLE

- FTI team members designed and implemented a product development process to reduce cycle times
- Installed maintenance work practices to improve downtime and throughput
- Implemented transportation cost reductions based on improved predictability
- Implemented an organization wide performance management system
- Installed SMED practices to improve product change-overs
- Installed forecasting methodologies to impact inventory levels
- Performed root cause analysis of scrap and implemented required changes to reduce scrap
- Implemented production work practices to improve manufacturing capabilities
- Designed and implemented sales processes to improve account management

OUTCOME

- Reduced product development cycle time by 50%
- Delivered over \$5 million in annualized savings
- Improved overall manufacturing effectiveness by 10%
- Scrap reduced by over 30%
- Reduced labor costs by \$500,000
- Improved on-time customer delivery by 50%



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AT THE CRITICAL TIME™

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