



Achieving Cost Leadership through Lean and Reengineering

Consulting Engagement - In-house

(A). Introduction

Processes are at the heart of an organization and all work gets done through processes. Strategies are implemented through business processes. Poorly designed processes have high cost. Plus they consume more time, deliver inconsistent and error prone outputs to customers and can negatively impact image of the organisation. Therefore redesigning processes provide significant opportunity for radically reducing process cost and time. In addition to cost reduction, reviewing processes is also fundamental and critical to achieve strategy and corporate objectives.

To meet the current business challenges, most organizations are reviewing their business operating model, strategies and cost structures to become lean. This also requires application of principles of Reengineering and Lean to satisfy stakeholder needs, survive and succeed.

(B) Reengineering – Some Interesting Findings and Results

Top 4 reasons why companies reengineer?

- *To fight increasing competition;*
- *To get products/ services faster to the market;*
- *To build closer relationships with customers and suppliers and*
- *To reverse declines in market share/ profits.*

Top 4 processes reengineered by Service Companies?

- *Financial management.*
- *Marketing and Sales.*
- *Customer order.*
- *Distribution/ logistics.*

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Top 4 processes reengineered by Manufacturing Companies?

1. *Production.*
2. *Distribution/ logistics.*
3. *Customer order.*
4. *Procurement/ Inventory management.*

Typical Results Achieved¹:

Effective implementation of reengineered process with use of information technology has reduced process cost and cycle time reduction between 30% to 60% with almost 100% improvement in quality.

A few contemporary illustrations:

- *IBM reduced the time needed to bring new products to market by as much as 75%*
- *Allmerica Financial, a well diversified insurance company reduced operating costs by hundreds of millions of dollars as volume increased.*
- *Duke Power increased the percentage of situations in which it hooked up electrical service by the date promised to over 30%*

(C) Objectives of the Study

- *To identify critical business processes impacting cost, time and fulfilment of strategic objectives;*
- *To review and analyze selected business process(es) and reengineer using principles of Lean, Kaizen, Reengineering, Benchmarking;*
- *To develop implementation plan and provide support during implementation.*
- *To manage performance of reengineered process.*

(D) Key Features of the Proposed Technique.

The proposed methodology incorporates principles of process improvement, Reengineering and Lean and has following key features:

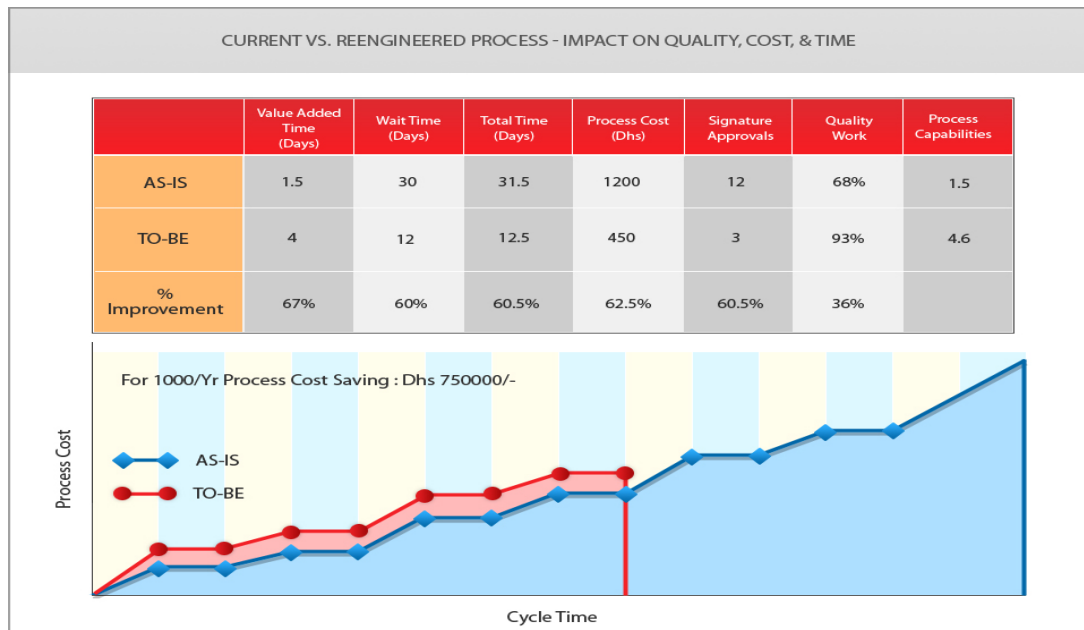
¹ “ The Process Enterprise by Michael Hammer “ and “ The Rise and Fall of Reengineering”



- *Fast. With 2-3 weeks a new radically improved process is developed.*
- *Simple.*
- *Easy.*
- *Delivers breakthrough results focused on improving process cost, time, service and accuracy.*
- *Versatile. Applicable in service, projects and manufacturing industries and all types of processes.*
- *Successfully deployed and proven technique.*

(F) Expected outcome

<ul style="list-style-type: none"> • Significantly improved <ul style="list-style-type: none"> ○ <i>internal and external customer satisfaction</i> ○ <i>competitiveness</i> ○ <i>consistency of delivery</i> ○ <i>service</i> ○ <i>process</i> 	<ul style="list-style-type: none"> • Radically reduced <ul style="list-style-type: none"> ○ <i>process cost</i> ○ <i>process cycle time</i> ○ <i>errors</i> ○ <i>bureaucracy</i>
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(E) Key Steps of the Proposed Methodology

- *Get commitment of leadership.*
- *Get insights of the ongoing change and/ or improvement program, if applicable.*
- *Identify and select processes critical to business needs and/or consumes high cost/ time.*
- *Scope the process.*
- *Analyze the current process with typical wait times, process costs and key issues affecting delivery to internal/ external customers.*
- *Redesign process using principles of lean, benchmarking with significantly improved process cycle time, cost, deliverables and effective controls.*
- *Develop implementation plan and provide support in implementation.*
- *Implement the improved process and evaluate benefits.*
- *Document the improved process and manage process performance.*

(G) Engagement Director - Mr. Sunil Thawani

Mr. Sunil Thawani is the Chief Executive Officer of M/s. Quality Indeed Consulting Services, Canada and currently based in U.A.E. He is a leading management professional with over 28 years of experience in diverse functions in various industries like manufacturing, logistics, oil, contracting, banking, real estate etc.

He has successful track record of assisting many organizations to transform and improve their business performance in terms of quality, cost, speed, service, accuracy, delivery and win prestigious business excellence awards with highest scores to date. He has Developed strategies for launching and sustaining continual improvement initiatives at an organization wide level and Led/ implemented/ facilitated more than 40 Lean, Six Sigma, Reengineering projects and processes.

Sunil is a qualified Business Process Reengineering Facilitator from Westinghouse Productivity and Quality Centre, USA and Certified Six Sigma Black Belt. He is the Author of book titled “Business Excellence Awards – Strategies for Winning”. He is Chairman of Continual Improvement sub group, Dubai Quality Group, American Society for Quality (ASQ) Country Counsellor, UAE and 1st Fellow of ASQ in the GCC. His work can be accessed at www.qualitywaves.com

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