

Cement Company

Focused on improvement

The Bursa Cement Factory operates in the Marmara region, the most developed in Turkey. Approximately 30% of cement production in Turkey is destined for the Marmara region and Bursa Cimento provides roughly 13% of it. Bursa supplies about 4% of Turkish cement consumption and supplies international markets as

“Renoir provided the committed level of financial improvements, while at the same time, they taught us a new way to work more efficiently. This is even more important than financial gains for our company.”

General Manager

Key Financial Results

Area	YTD benefit	Projected Annualised
Obsolete stock	TL 71,000	TL 71,000
Revenue collection	TL 38,000	TL 152,000
Additional sales	TL 100,000	TL 100,000
Coal usage	TL 560,00	TL 1,400,000
Klinker ball	TL 870,000	TL 2,088,000
Organisation redesign	TL 404,000	TL 1,034,000
Cement distribution		TL 876,000
Payroll reduction	TL 677,000	TL 1,354,000
Totals	TL 2,720,000	TL 7,075,000

ANALYSIS

Following the Analysis and a subsequent 7 week engagement, which included selection and training of a seconded team of Client employees to become integral members of the project team, the Board approved a full Project.

PROJECT APPROACH

The main body of work started with Renoir's Focus Process™, within the three key areas of Production & Maintenance, Sales & Marketing and the Supply Chain. In the first two areas, Management Action Teams (MATs), which would define and develop solutions to identified problems, were complemented by Focus Groups, due to the complexity of some of the issues which required highly technical solutions. These cross functional efforts culminated with the Strategic Implementation Meeting (SIM), which confirmed the specific issues that were to be addressed, in order to achieve the benefits outlined in the initial presentation to the Board.

IMPLEMENTATION:

The Implementation phase followed the SIM and the employees were introduced to the wide ranging adjustments to the systems and processes. Support was provided to ensure these were established effectively and efficiently so that to sustainable and positive changes to performance would result in the substantial benefits outlined in the SIM.

It was agreed that an adjustment to the design of the organisation would assist our client in dealing with the demands of the markets and operations. To support this, Renoir assigned additional resources.

Production & Maintenance

There were two areas of focus for these departments:

- To develop a system of mutual and effective support between the production department and the maintenance department to ensure the highest level of availability for every key equipment
- To implement the findings of the numerous focus groups that would improve the cost effectiveness of the production process and eliminate, where possible, longstanding causes of down time on key equipment elements in the process.

World Leaders in Sustainable Change

© Renoir Consulting Limited. This document remains the property of Renoir Consulting Limited and must not be copied or distributed in hardcopy or electronic form without the prior written approval of Renoir Consulting Limited.

Desired Outcomes:

- To reduce Mean Time between Failures (MTBF) on all major equipment and to shorten Mean Time to Repair (MTTR).
- To ensure major shut downs are completed on time to budget and that the requisite work is completed.
- To eliminate Kiln stoppages resulting from the creation of Klinker Balls; to optimize the coal mix to match calorific requirements with minimum cost; to optimize the utilisation of RDF to ensure negative impact of usage is kept to a minimum.

Sales & Marketing

The Sales & Marketing department included a wider range of activities than is normally expected, including logistics and payment collection. To gain an understanding of the basic requirements required developing and introducing an effective pricing matrix and identifying areas of opportunity for expansion and consolidate current position, particularly with major customers.

Determining the optimum requirement for vehicles to move the daily volumes a planning system was established to improve the OTIF (On Time in Full) delivery performance.

To reduce debtor days; to reduce the exposure of risk; to reduce the cost of debt collection.

Desired Outcomes:

- To implement effective planning and reporting tools that allow the sales and marketing team to effectively service their existing market, as profitably as possible, and to expand that market to ensure that they remain the major supplier of cement products in its region of operations.
- Implementation of all necessary systems to ensure that customer needs are met in the most cost effective way and to establish an OTIF delivery performance of 99%.
- To improve the existing systems and processes to increase the speed of collection and to reduce the value of the outstanding debt and minimise risk from bad debt.

Supply Chain

To establish a Supply Chain process that is able to swiftly adapt to the continuing challenge of changing operational requirements.

Desired Outcome:

- Provide a cost effective and quality service to all internal customers
- Develop Service Level Agreements with internal customers and suppliers to ensure that our client would continue to carry out operations, profitably and safely.

RESULTS

The focus groups resolved a number of long standing problems that required the cross functional and front line involvement that Renoir facilitates. In particular, repeated stoppages resulting from the build-up of Klinker balls in the Kiln were eliminated and an improved ratio plan for

coal usage was implemented. The production plan was linked directly to the sales forecast allowing production to better match the delivery requirements of its customers. In addition, MTBF on main equipment was increased by 211% and MTTR was reduced by 123%.

A more effective sales-forecasting tool was introduced resulting in greater control of sales personnel. Revenue collection was enhanced and risk was reduced. OTIF performance improved and a strategy to regain lost customers was put in place.

Obsolete stock holdings were either sold or scrapped. SLAs were introduced for all internal and external customers to ensure clarity of the service to be provided, and to allow for the renegotiation of contracts where applicable. A robust min/max system was introduced to improve availability of spare parts and to better manage the warehouse stock holding.

THE RENOIR GROUP

Renoir Consulting is a world leader in sustainable, implemented change. Founded in 1994, Renoir has offices located in North and South America, UK, Europe, Turkey, Middle East, Southern Africa, India, Pakistan, China, South East Asia and Australasia. With over 350 fully employed and highly trained consultants, their work across a wide range of industry sectors gives them a broader perspective of the issues facing your business, allowing them to be sensitive to your unique challenges, culture and specific business issues. This cross-pollination ensures truly effective, rapid and sustainable solutions.

Visit Renoir at www.renoirgroup.com for more information and a complete list of regional contacts or send us an e-mail at: renoir.office@renoirgroup.com

World Leaders in Sustainable Change

© Renoir Consulting Limited. This document remains the property of Renoir Consulting Limited and must not be copied or distributed in hardcopy or electronic form without the prior written approval of Renoir Consulting Limited.