

# North American Specialty Chemical Company ROI 2.7:1

**Sector**

Specialty Chemicals

**Capabilities**Maintenance & Reliability  
Management Systems  
People & Organization  
Operational Excellence  
Safety Systems  
Supply Chain Management

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**CHALLENGE**

## To reduce operating costs by at least 10%

A leading North American specialty chemical manufacturer faced significant challenges in reducing operating costs and enhancing production predictability. With ambitious goals to slash operating expenses by at least 10%, the company embarked on a comprehensive analysis to pinpoint improvement opportunities.

**OUR FINDINGS**

## Identified six items for improvement

1. Safety performance was lower than desired due to high level of risk tolerance among disengaged employee.
2. Organizational structure contained more levels than necessary, resulting in increased costs.
3. Supervisors were not providing consistent support or direction to lead their teams yielding sub-optimal.
4. Employee productivity was low due to unclear expectations and lack of work standards.
5. Operators were not consistently updated regarding production targets, resulting in missed production schedules and customer shipments.
6. Maintenance and reliability resources were focused on “catching up” instead of long-term fixes.

## IMPLEMENTATION

# We focused on 6 areas of impact to improve production predictability and lower costs

### Safety Systems

- Implemented integrated safety meetings and procedures across the site.

### Management Systems

- Installed Management System to drive desired behaviors.
- Improved decision making by moving accountability to individual levels.

### People & Organization

- Redesigned the organizational structure with fewer levels and clearer roles and responsibilities.
- Improved interface between Quality Assurance and Production departments; balanced/leveled load delivery schedule.

- Coached all supervisors and managers on leadership, active supervision techniques, Gemba walks, and continuous improvement tools.

### Operational Excellence

- Delivered daily production and yield improvements in all units by eliminating waste and providing short-interval control to operators.

### Supply Chain Management

- Implemented production planning, inventory controls, SAP training, managed supplier contracts, and balanced logistics.

### Maintenance & Reliability

- Defined critical equipment and implemented reliability program.
- Improved planning and scheduling.

## RESULTS

# All delivered at a 2.7:1 Return on Investment

↑ 30%

Increase in craftsmen utilization

↑ 3%

Improvement in raw material unit yield

↓ 15%

Reduction in fixed costs

↑ 3%

Boost in unit production achieved across two key areas



*"This work has really transformed my plant and the people in the plant to consistently achieve higher production. I now trust my supervisors to do the right things every shift."*

*Plant Manager*