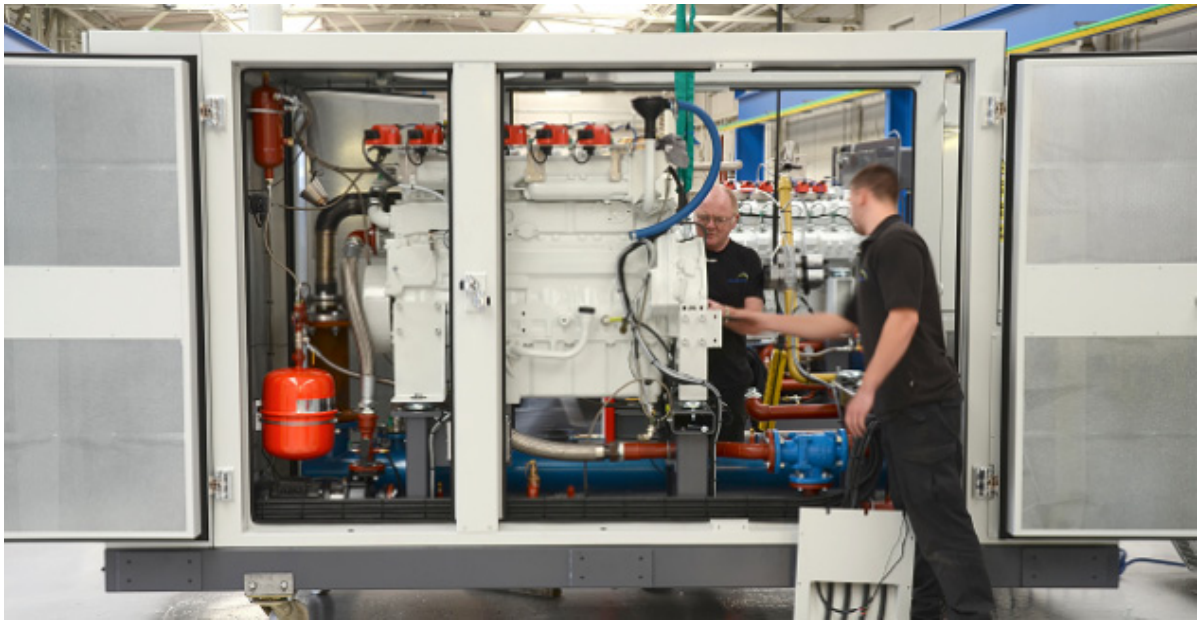
ENER-G Holdings plc

Case Study

A business process improvement programme resulting in a 60% reduction in lead times



Background

ENER-G designs, develops and finances energy efficient, sustainable and renewable solutions on a business-to-business basis globally. Components, primarily engines, are purchased from automotive suppliers to support the business. The engines are used at the heart of ENER-G's efficient Combined Heat and Power systems which allow businesses to save money on their energy bills whilst reducing their carbon footprint. ENER-G was established in the 1980s and since then the company has grown through acquisitions and organically to a current turnover of £130 million. ENER-G employs more than 750 people globally and has a presence in 17 countries. It operates more than 365MW of generation capacity, which enables its customers to reduce their collective CO2 emissions by 5 million tonnes per year, equating to the environmental benefit of taking 1.7 million cars off the road per year.

The Challenge

ENER-G identified a need to improve the cost base and delivery of its products due to increased pressure from the marketplace.

The Objectives

The project aim was to improve competitiveness and the ability to respond quickly to market conditions.

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The Industry Forum Solution

With funding assistance from the Northwest Automotive Alliance (NAA) Business Excellence (BE) programme and advice and mentoring from Industry Forum in quality, cost and delivery (QCD) both internally and through ENER-G's supply chain, the following initiatives were undertaken in the Combined Heat and Power business based in the North West:

- A manufacturing improvement programme including a manufacturing diagnostic looking at QCD data, material flow, value-add/non-value-add analysis with improvement workshops.
- A business improvement project for the company's sales order and planning process, consisting of a value stream mapping exercise together with capacity analysis, development and implementation of a new framework.

The Industry Forum 'learn by doing' approach encouraged staff on the front line to identify and carry out improvements themselves rather than be told what to do, in order to get things right first time and the mantre was carried across to include the quality of all supplied parts. Rework activity was identified and waste eliminated. To help with this, employees were provided with globally recognised tools and techniques to make the improvements.

The Customer's View

Since the project, significant benefits have been seen in QCD performance – both internally and within key suppliers. 'Right first time' has been improved by an impressive 80%. Robust systems have now been put in place within the supply chain resulting in suppliers now taking responsibility for quality issues instead of ENER-G having to fix problems inherited from suppliers. An important outcome is that there have been significant reductions in assembly time and lead-time in excess of 60%.

"A key element of our business is sourcing and working with automotive engines, and the NAA provided excellent support to improve quality and efficiency in this area. I am hugely impressed by the outcomes that this project has delivered and I would certainly recommend the NAA Business Excellence programme to others."

Craig Allen, Group Manufacturing Director at ENER-G Holdings plc

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