

# CASE STUDY

## Bringing Clarity and Focus to Operational Strategy

**Business Challenge:** Our client is a global manufacturer of furniture. They had successfully expanded internationally and achieved year-on-year cost reductions to support their competitive strategy. They were also proactive in introducing advanced factory automation, addressing “green” sustainability challenges, and developing new product and material innovations.

Facing increased competition from online challengers, their rate of growth had declined and they could no longer rely solely on economies of scale to drive future cost reductions. In addition to finding alternative ways to continue reducing cost, they also needed to accelerate the pace of change around automation, innovation, and sustainability.

While they had no shortage of opinions or ideas on how to improve, they lacked a common understanding of the critical-few priorities. As a result, leaders were hesitant on which direction or strategy to pursue, managers time and attention was divided between competing goals and initiatives, and people at all levels of the organisation were overwhelmed by change.

**Objective and Approach:** The essence of strategy is choosing what not to do. Through a series of interviews and workshops with key stakeholders, we helped the leadership team develop a common understanding of the critical challenges and implications for the business. From this we were able to reach a consensus on which initiatives to pursue and, more critically, which to stop, simplify, or shelve. In addition to bringing greater clarity and focus to known challenges, this process uncovered areas that had previously been overlooked.

Working with financial controllers from each division, we developed a financial model to reconcile top-down and bottom-up views of performance across the business. This enabled us to define breakthrough goals that were challenging, but also realistic. Moreover, improvement targets were customised for each site based on their maturity, improvement potential, and other operational strategy considerations. This was a change from the one-size-fits-all targets previously used and meant that some sites were expected to contribute more than others to achieve the overall target.

Having agreed on a manageable number of strategic goals and a clear direction and strategy for the next 3-5 years, we translated these into strategic initiatives incorporating new and existing ideas into easy to explain themes of material cost reduction, operational excellence, and innovation.

“Path finder” projects were undertaken for each initiative to validate the achievable improvement potential, refine the approach, and create buy-in and momentum for the required changes. These included projects to reduce material cost by working with suppliers and partners to re-engineer products, to accelerate continuous-improvement and achieve greater value from the existing lean production system, and to accelerate the rate of innovation and transfer of new technologies.

**Results and Value:** The approach was a success and created the foundation for an ambitious strategic plan. As one regional manager commented, “it finally gave us clarity on what was expected”. In addition, the approach became the basis for a new and more dynamic “on-time” strategic planning process.