

The Big Picture

To ensure that companies are able to survive in the future in a tough competitive environment, they need to become leaner and reduce costs – including in such ancillary areas as administration or sales. With PRO, Process-oriented ReOrganization, Porsche Consulting scrutinizes not just individual processes, but the entire business model of a company, and highlights ways to increase efficiency and effectiveness.

[] Claus-Peter Andorka [] Porsche



When a client wants to know how their company can become leaner and hence more competitive, Melanie Unruh, principal at Porsche Consulting, doesn't promise them the earth: "We can realize a 15 to 20 percent efficiency potential. That's what we've learned from various projects," she says.

Within a company, organizations are structured according to function. But individual processes run through many different areas of a company. For instance, when a customer places an order, this triggers processes in sales, purchasing, and the controlling department. To satisfy the wishes of the customer, the company needs to invest time, effort and thus money, too – often more than is strictly necessary. This is where PRO comes in.

"The aim is to scrutinize processes holistically, optimize them in accordance with lean principles, and support new processes through effective organization," explains Melanie Unruh. This frees up time, which can then be used to handle more processes, increase quality, or manage relationships with customers – in areas which provide the

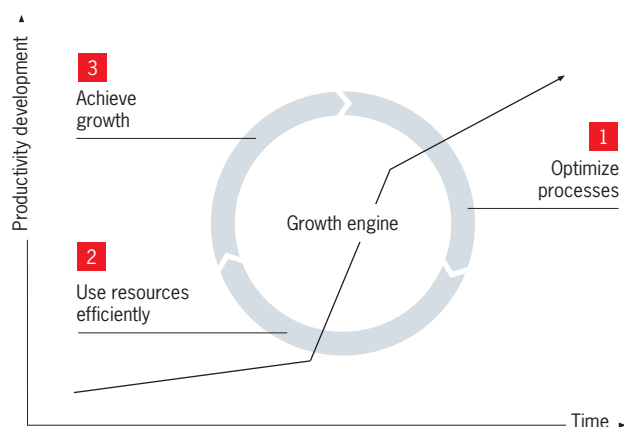
customer with direct added value and provide the company with a competitive advantage. And that means that sales can increase in the short to medium term and the company can grow.

With goals such as these, the continuous improvement process (CIP), another core method employed by Porsche Consulting, has its limitations. The complexity and the scope of investigation are simply too great to be able to implement the desired improvements across entire divisions of a company in brief workshop sessions. This is why Porsche Consulting developed PRO to complement the CIP, to effect sweeping changes within a company.

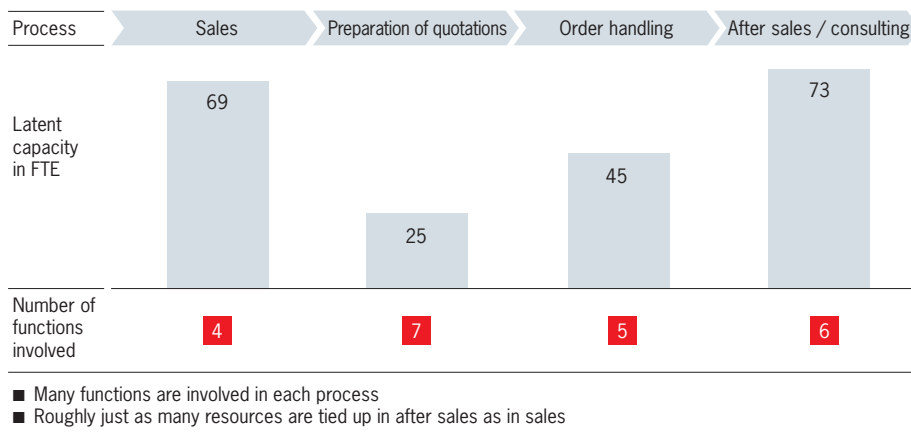
The most important basis for this method is to bring transparency to the processes within a company. In contrast to production processes, such ancillary processes as quality management, development, sales, administration or purchasing are invisible. They do not involve the movement of goods, but rather the flow of information. This is precisely why transparency is so important. ▶

Growth engine

Increase in sales through process optimization without cutting any resources



Resource allocation – Client example



When it comes to PRO, the consultants work with standardized tools from the “lean methods kit”. Using a functional analysis, the resources of all employees are assigned to the respective processes. With one of Porsche Consulting’s clients for example, it became apparent that a third of sales capacity was tied up with dealing with complaints and technical queries after purchases had been made. It was thus clear where the focus of the optimizations should be. With another client, the consultants from Bietigheim-Bissingen discovered that five different functions were involved in a purchasing process: the back office of a branch outlet, the local purchasing department, the central purchasing department, technical services, and the development division. Unruh says: “It is interfaces such as these in particular where we almost always discover laborious processes and potential for improvement.”

Another important analysis within the framework of PRO is to determine the level of service provided.

Customers expect a service to be delivered within a specific period of time. A company therefore needs to ask itself the following questions: How long can an offer last? What delivery times does the customer expect? How long do we need to deliver on this?

Any divergence from what the customer expects means that there is a need to take action, for the goal of a company should always be to satisfy the wishes of the customers. If they are not known, they are ascertained during the PRO project. For example, Porsche Consulting consultants asked employees working for a company how much time they needed to respond to customers’ problems. “This resulted in the definition of three different problem categories, and the assignment of corresponding service levels. Then, the processes were designed so that the deadlines could be met,” says Knut Krümmel, project manager at Porsche Consulting.

As in the CIP, PRO also involves working with the employees in workshops. As part of the analysis, actual processes and the way that things are organized are highlighted, with the aim of identifying any weak points, discovering their causes and assessing the possible efficiency potential. When the necessary transparency is lacking, management is often unaware of what factors actually cause expenditure of resources

within a process. So-called driver trees are used to shed light on this.

“When it comes to drawing up a company’s annual report, for example, 30 percent of resources are devoted to dealing with queries, 50 percent to recording and consolidating the data, and 20 percent are tied up in approval processes,” says Knut Krümmel. “If we manage to ▶

Driver tree



Looking for the optimum structure: Melanie Unruh and Knut Krümmel hold workshops to explain the PRO methods

**A devilishly good symbol:
With PRO there are no “sacred cows”**

First rethink, then restructure: The road to achieving optimum organization also involves changing work procedures which “have just always” been in place – even across divisions



eliminate the queries or reduce the scope of the report to a sensible level, we know exactly how great the potential for savings will be.”

In the PRO concept phase, picture a “green meadow.” It symbolizes the level of novelty of the concepts and the dissolution of what currently exists. New ideas are examined for opportunities, and to ascertain whether they can be implemented, options are developed which are assessed on the basis of specific criteria. Finally, a recommendation for process-oriented reorganization is made.

One basic principle with PRO is always that all ideas must support the core elements of a lean company, and thus focus on the added value for the customer. Knut Krümmel cites two further examples: “In one international company, the individual processes within project management were far too complicated, the reporting system was bloated and the committee structure was incapable of reaching decisions. Today, projects are implemented with 25 percent less expenditure and greater transparency.” In another case, order processing was consolidated down to just seven locations, instead of 24. “This is 18 percent more efficient and at the same time delivers greater flexibility for the customer,” Krümmel says.

Not only employees, managers, too, are involved in drawing up the concepts of Process-oriented ReOrganization. This is because options for making improvements may also include assigning new responsibilities, revised areas of responsibility or changes of sites and locations. There would be no chance of implementing such structural changes without the agreement of the management.

Every concept is tested from a practical standpoint before being implemented. This is a typical procedure for Porsche Consulting, and typical for PRO as well. “We want to bring change to life, and to fill the employees with enthusiasm, even if at first glance it appears to be painful,” says Melanie Unruh. She recalls a four-week test of an entire aspect of a quotation, where the employees involved were well aware that, if it was a success, the activities of the local branch offices would be consolidated on a regional basis and they might have to move. Initially, there was considerable opposition to this, as expected. But by involving the employees and providing the opportunity to improve the processes in detail and to try out changes straight away, the mood changed. “Extreme reluctance was replaced by acceptance,” Unruh recalls. “We therefore achieved what we wanted to: we implemented radical reorganization, but we also got the employees to go along with it.”

When it comes to implementing piloted projects, the client needs to have clear responsibilities, both for monitoring key performance indicators and for the technical implementation of the improvements. It is just as important that the board and management release the resources for this and, if necessary, the required budget, too.

Once all measures have been implemented, the organization restructured, and the target key performance indicators achieved, the PRO project is complete. However, this does not mean that no more improvements will be required in the future, for adopting a forward-thinking attitude is also an important prerequisite for success with PRO. ◀

The objective of “lean processes” is to improve quality, costs, and the delivery service

Dependencies



It all works out

The results of a PRO project are very impressive. And they pay dividends, as these examples show.

Costs fall

- 15-20 percent increase in process efficiency
- Depending on the area being examined, cost effects occur, for example 20 percent reduction in purchasing costs

Quality increases

- 90 percent reduction in wrong deliveries

- 90 percent reduction in unnecessary queries
- 30 percent increase in telephone availability
- 30 percent reduction in the number of complaints

Delivery service improves

- On average 30 percent reduction in lead times
- Increase in the adherence to delivery dates promised to customers to 95 percent
- Considerable increase in the level of customer satisfaction

PRO: Four steps to success**1. Analysis**

- Draw up the entire process model for an indirect area across all the functions within a company
- Break the main processes down into subsidiary processes
- Assign the resources from across the company to the processes by means of a functional analysis
- Collect further process key performance indicators, e.g. service level
- Work with the employees in workshops to establish the weak points in the processes
- Consolidate, prioritize and assess the weak points in respect of efficiency potential
- Extrapolate key areas for action

2. Desired processes and organization

- Develop optimization concepts in a creative way
- Work out lean processes and organization options which are aligned with them (incl. initial dimensioning and potentials)
- Assess the solution hypotheses on the basis of weighted criteria and recommend process-oriented reorganization

3. Piloting

- Test-run the desired processes and structures which have been devised
- Examine whether it is feasible to implement them in real operations and adapt the processes, standards and structures
- Measure and finally stipulate the efficiency potential
- Take the decision to implement

4. Implementation

- Specify the details for the processes and associated tasks/areas of expertise/responsibilities
- Finally dimension the organization
- Stipulate an implementation timetable and who is responsible for implementation (incl. monitoring measures and success)
- Develop the necessary training concepts
- Implement in operational practice

Phase model



Complete Vehicle · Styling · Body & Safety · Engine · Drivetrain · Chassis · Electrics & Electronics · Testing · Industrial Engineering · Production Engineering

**That we offer contract development services
to other companies is no secret.**

What we develop, on the other hand, is.

Porsche Engineering
driving identities



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