

## Rapid Assessment Case Study – Kitchen Appliance Producer

A well-known brand of appliance manufacturer and marketer was struggling with too much inventory of the wrong products, slowing demand, and eroding margins. Ownership and other stakeholders were evaluating the future viability of the company and developing a short-term plan to restore profitability, bolster margin, and reduce operating costs.

NOTAR Consulting was engaged to provide a rapid assessment of the strategic planning and fulfillment operation to determine core issues, construct a list of recommendations and time-boxed initiatives with identified and quantified benefits.

The scope of work included a site visit to company headquarters and warehouse facilities and a detailed assessment of the following functional areas:

Process Area:	Across these domains:
<ul style="list-style-type: none"> <li>Product Development</li> <li>Demand Planning / Forecasting</li> <li>Warehousing / Fulfillment</li> <li>Returns</li> <li>Inventory Management</li> </ul>	<ul style="list-style-type: none"> <li>Strategy</li> <li>Leadership</li> <li>People, Process, Information</li> <li>Technology</li> <li>Communication / Collaboration</li> <li>Execution</li> <li>Governance</li> </ul>

Upon completion of the assessment and validation with leadership and management, it was revealed that the company was operating at between a 1 and 1.5 maturity level<sup>1</sup>, which represents high opportunity in all areas of the business that were reviewed. Specifically, the company was dealing with passive leadership, vertical versus horizontal process alignment, lack of a management operating system and standard operating procedures, high turnover / lack of culture, and an inordinate amount of rework due to an aging ERP and poor data quality. Focus interviews from the c-suite to the shop floor in addition to direct observation and review of working materials informed the maturity assessment and the list of opportunities.

Nine areas of opportunity were developed with an associated time horizon and an impact analysis. From the nine areas of opportunity, four critical-path initiatives were further developed into four and eight-week sprints with definitions, objectives and business benefits:

Objective	Benefit
<ul style="list-style-type: none"> <li>Reduction in Warehouse labor through improved space utilization, reduction of rework, and elimination of non-value-added tasks</li> </ul>	\$2M
<ul style="list-style-type: none"> <li>Elimination of management rework prior to starting the day through higher quality data, synchronization and timing of reporting and improved order cutoff times</li> </ul>	\$1.2M
<ul style="list-style-type: none"> <li>Elimination / reduction of external warehouse spend</li> </ul>	\$4-6M
<ul style="list-style-type: none"> <li>Cost recovery of slow moving and obsolete inventory</li> </ul>	\$4.5M
<ul style="list-style-type: none"> <li>Cost of capital cash benefit</li> </ul>	\$1.2M

In addition to the critical-path get well plan, a roadmap was developed with management to grow organizational capabilities and performance from a Level 1 to a Level 3 operator. The accretive effects of improved maturity can yield 11-15% of business value through cost savings, more efficient use of cash, and introducing and adopting cross-industry best practices.

Leadership is sometimes informed of capability gaps that may exist in an organization, other times they need to be discovered. A rapid assessment is a great exercise to explore the operation objectively and obtain a well-informed, validated, and action-oriented game plan to get to the next waypoint in the journey.

Interested in a rapid assessment of your operation? Reach out to [info@notarconsulting.com](mailto:info@notarconsulting.com) or call Michael Notarangeli at 908-328-7429 to kickstart your value creation journey.

<sup>1</sup> <https://www.gartner.com/en/supply-chain/trends/assess-supply-chain-logistics-maturity>