

## Service Snapshot: Efficiency or Optimisation?

Optimisation is the new growth.

At Penumbra we challenge the standard view. Our experience shows that overly zealous approaches to efficiency can have negative impacts on other parts of a business. How is this so? Experience is a great teacher.

### Challenge

To find efficiencies without being short-termist is the new challenge. Conventional approaches include cost cutting and efficiency drives, but do they always deliver in the long-term?

IBM research shows that 75 per cent of managers thought that efficiency was more important than understanding the customer. Motorola's share price has dropped consistently since its invention and use of six-sigma.

All irrefutable facts, but do they mean anything?

Extreme optimisation, such as reduction of inventories to release cash, can create a risk in the supply chain. It by definition can reduce service levels to customers. This is real.

We have seen an organisation outsource all logistics functions, and sell the assets to return cash. The third party logistics function then underwent consolidation and addressed their efficiencies and moved to a centralised location, 400 miles from the client production facility. Prediction of delivery times for just-in time practices became impossible, customer orders were impacted, reputation was affected. The result: after 4 years of issues they reversed at great cost and in-housed logistics again, and now the business is stable.

Reduction of errors to zero reduces the ability to discover through

mistakes. A company stifles its creativity.

We have worked with lean six-sigma initiatives and seen the benchmark of success be the number of projects completed rather than a holistic measure of success across the programmes being assessed.

However, the importance of reducing waste and error cannot be underestimated.

### Solution

We call the programmes that we work on Optimisation Projects because it implies the maintenance of the existing business while bringing about improvements through forward looking development.

Penumbra is in a position to help by:

- Identifying efficiencies in a holistic way
- Understanding the factors driving the need to change
- Bringing a wealth of experience to bear on the issues
- Looking at your business end-to-end to determine the best wins

At Penumbra we do not simply identify areas for improvement; we can actually design and implement efficiency tools and processes.

Areas that we can help with:

- Manufacturing Supply chain and ERP systems
- Service industries
- Specific Process related issues across industries

We have learnt over time that efficiencies are best gained by leveraging existing resources and expertise and using strategic partners when necessary.

Penumbra works with clients by helping with:

- Defining suitable Structural Design with adequate resource levels
- Designing and developing or enhancing tools
- Working with people to help them understand their place in the optimisation programmes
- Designing incentive approaches
- Creating consistent data sets for comparison and benchmarking
- Creating Accountability structures with transparent reporting

See our case studies for relevant examples.

### Benefits

We review your activities objectively to identify areas for improvement.

We define the processes, structures and measures required to build efficiency by improving the way in which organisations work.

We deliver measurable results.

## strategy people performance

Penumbra is a strategic business consultancy. We bring clarity by using research to drive understanding and direction. We deliver success by balancing experience and innovative thinking.

Whatever your aspiration, we'll provide the tools, information and analysis to turn your strategy into operational reality, in a way that motivates your people to outperform the market.

### Overview

Our expertise lies in helping our clients to execute robust strategies and deliver results.

We achieve this by combining a robust management planning system with a focus on people which drives alignment and commitment

We work in partnership with talented and committed leadership teams to help organisations build corporate value with a wide range of customised, cross-functional advisory programmes and services delivered from four complementary service groups:

### Strategy

(Development, formulation, implementation and alignment)

Our innovative **Penumbra Balance** approach creates dynamism, drives and sustains momentum and makes strategy real for stakeholders

### Organisational Development

(Behavioural issues)

We call our holistic approach **Balanced Motivation** which encompasses activities that improve performance both for the organisation and the individual

### Research and Insight

Our stimulating **Clarity** approach draws on our business consulting skills to deliver a mix of business analysis and market research which provides compelling insights for winning decisions.

### Operations

The Operations group brings all of our hands-on practical experience to bear on execution and delivery of results.

Our technology enabling approach called **Totality** facilitates business focussed services and solutions, aligned to business needs, for people, processes and tools.

### Why Us?

Organisations turn to us when they:

- Want to find a new strategic direction
- Have created a strategy and now need to execute it
- Need to drive more value from existing initiatives
- Have a big issue to resolve, usually dependent on lasting employee buy-in
- Need to explore new ways to drive value
- Need a breakthrough result
- Are seeking measurable results

### Our Experience

We have real world experience spanning 20 years with our clients. This includes working with:

BP, Citibank, Morgan Chase, WestLB, RBS, UBS, Bankers Trust, Kleinwort Benson, Coutts, Natwest, Intel, Nokia, Adobe, Kall-Kwik, Glaxo Smith Kline, Dupont, Pfizer, Savills, British Council, Clifford Chance, British Airways, Gillette, Unilever, Shell, Volvo,

Vauxhall, British Gas, TradeStation, MWB Business Exchange, Investors in People, University of Cambridge

On projects such as:

Strategic Planning, Strategy development and implementation, Culture change, Post-Merger Integration, Vision, Purpose and Values, Current State Analysis, Organisation Re-design, Transformational Change, Client Focus Strategies, Perception Studies, Client and Staff Engagement surveys, Global Rebranding, Know your Customer, Market Forecasting, Consumer Insight, Market Segmentation, Process optimisation, Lean/Six Sigma, Project Management, ERP Systems Roll-out, Market Research, Financial Modelling, Franchise Start-up Evaluation models, Cost Benefit Analysis, Implementation Alignment, Strategic Alignment, Complex Database development, Custom Application development, Supply Chain Optimisation

Covering diverse sectors such as:

Financial Services, Pharmaceuticals, Manufacturing, Energy, Mobile Telecoms, Travel and Tourism, Aviation, Property, Hi-tech and Business Services