

CASE

Quantum leap

SPU Ltd. Finland

The leading manufacturer of polyurethane insulation boards knew it was time to grow further and enable major investments. Significant investments in R&D and marketing as well as high fluctuation in production utilization had caused challenges in financial performance. The owners of SPU Ltd. decided to use the Rapid Results approach. They wanted to scale the business to a new level – to perform a »Quantum Leap«.

by Markku Räisänen and Jari Saarenpää

SPU Ltd. produces polyurethane insulation boards for low-, passive- and zero energy buildings. The need for development activities became very clear in the first analysis. Rotation of current assets, i. e. inventory rotation and accounts receivables, had to be improved significantly. Additionally, the utilization of production capacity was fluctuating heavily, causing poor overall effectiveness and high quality costs. Production forecasting was not systematic enough, which resulted in high inventories. The biggest problem, though, was wasted sales opportunities due to a lack of products in demand despite big inventories. After a quick analysis, Innotiimi-ICG proposed implementing a holistic World-Class Sales and Production Planning process as a Rapid Results initiative.

Planning the world-class sales

The proposed method connects all business planning into one process, resulting in »one set of numbers« for all, regardless of the area of responsibility. It focuses continuously and systematically on the gross margin, inventories and cash flow. Management audits are conducted every month with a main focus on performance figures. These audits provide guidance and

support decision-making, always with regard to profit margins. Ultimately, this approach ensures that everyone commits to the same one set of numbers.

The process allowed the adjustment of supply and demand both on the higher level of planning (capacity) and the detailed level (execution), which has a very positive influence on delivery accuracy, profit margin, inventory rotation, and the overall effectiveness in operations: it facilitates the elimination of waste. From now on, SPU will put tremendous effort into the monthly forecast of the top 42 products, which account for 80 percent of the profit margin. They ensure that these products will always be available for the customer while ensuring high inventory rotation at the same time. By setting the project up as a Rapid Results initiative, SPU managed to implement these changes and improvements within merely a few months.

Feel the passion

We knew that the key success factor for the Rapid Results initiative would be that every single person feels accountable for the result. Therefore, we used an Innotiimi-ICG participative leadership approach and involved key people across the organization in the



planning phase. These people were fully responsible for the sub-process ownership and did the process ramp-up within 30 days. From now on, they are accountable for improving the inventory management, defining and implementing key performance indicators and planning capacities in a reliable and visible way. Particularly important is that sales people are doing the forecast for the top 42 products.

Change the organization

The Rapid Results project started at the beginning of 2014 and the impacts of »Quantum Leap« are already visible. An aligned focus on cash flow generators can already be seen throughout the organization. All key people are committed to the program and the management supports their actions strongly. Everyone throughout SPU feels the passion for excellence. The owners of the company found that they had already had the same kind of ideas before the Rapid Results initiative and had also tried to implement some of them, albeit without significant success. They found it valuable to use outside experts to keep the development process on track. The management found it useful to plan sales unconstrained i. e. »selling without any boundaries or assumptions.« Now with the new way of working, the monthly forecasting process ensures that when capacity limits are hit, mid-term cash flow maximization dictates the rules for decision-making. The conclusion of the owners was that »big change is not possible without outside help and a comprehensive change management process.« ●

SPU INSULATION

- SPU Ltd. is the leading manufacturer of polyurethane insulation boards for low-, passive- and zero energy buildings
 - Headquarters and production plant: Finland
 - Subsidiaries: in Sweden, Norway, the Baltics, Russia
 - Founded: 1977
 - Annual R&D investment: four percent of annual net turnover
 - Net turnover 2013: over € 24.3 million, employees: 67 people in-house
- <http://www.spu-insulation.fi>