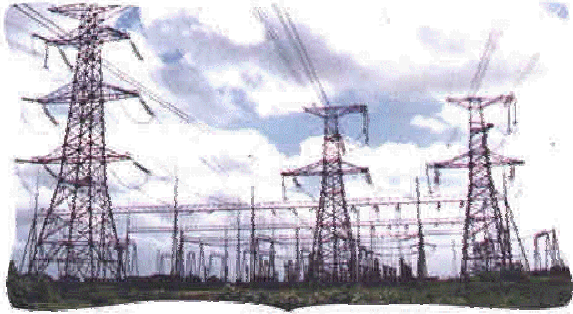


## Tapping the hidden potential: Increasing throughput by 25% with zero capital investment at a ceramic insulator manufacturer



### When the going got tough...

The call today is that businesses learn to earn the last paisa from their existing facilities. In a highly competitive market, where demand is typically less than supply, some companies in the ceramic insulator business find themselves blessed with a seller's market. In such a scenario, utilisation of and building upon hidden capacity becomes critical for success. Companies cannot afford to run existing plants inefficiently with low capacity utilisation.

This entails investing money to build capacities. As money is scarce, in order to invest they need to increase margins, and the easiest way to increase margins is to increase throughput from the existing facility. The mindset of the ceramic industry is one that views throughput as a function of technology alone. The challenge faced by CEOs is to change this mindset and extract the most from the existing facility.

In a widely varied industry such as ceramic, players find it difficult to clearly state the overall production capacity, leave alone the capacity at each process. The challenge is to identify this hidden potential, fix the bottleneck and plan and schedule production on the basis of the bottleneck capacity.

Fortunately, there is a way to accomplish this successfully - by using the latest tools & techniques. For those who dare, the rewards are there for the picking.

### ECS helps a major ceramic insulator manufacturer to unlock hidden value

The company retained ECS to increase its production levels at its existing facilities, to increase margins and improve on-time delivery.

#### Benefits achieved in 4 months

- Total savings of Rs 1.8 Cr.
- Rs 140 lakhs due to 25% released kiln capacity
- Rs 42 lakhs due to a 7% increase in Kiln yield.

### ...How the tough got going

The client was facing a severe crisis - losing out on market demand, while making losses. The challenge lay in increasing production levels in one of its product lines with no capital investment. The top management had a vague idea of their actual production capacity and opinions differed depending on who was asked. The shop floor staff was constantly fire fighting to meet delivery schedules. The bottleneck at the shop floor shifted from one process to the next. The downtime was high on their costly equipment: there were recurring kiln and chronic quality problems. People were skeptical about raising production from existing levels, as they were convinced that they had utilized capacity to the full.

On the contrary, assessment by ECS revealed that there was a potential to increase throughput by at least 25% with a better planning system to ensure that the right material is available at the right time. In addition, opportunities were also identified by way of rejection reduction and improvement in the management of day-to-day work.

The ECS-client partnership brought about improvements in the following areas:

▪ **Planning and control system**

- The planning and scheduling process was re-engineered taking into account the market needs
- Linear programming was put in place to identify the right product mix and bottlenecks at the machine level
- A model was developed for doing constraint-based (kiln) forward-backward planning

▪ **Daily work management**

- Daily work management at the shop floor level was critically analysed and improvements implemented
- A number of visual controls were put in place which triggered necessary corrective action in case of non-adherence to plans

▪ **Quality improvement**

- Top four reasons for rejections were analysed, root causes identified and permanent counter measures put in place.

**Reasons to celebrate...**

- The kiln cycles have increased from a total of 21 to 26.
- Oil consumption reduced by 20 litres per ton
- Throughput increased by 30T (25%)
- Improvement in the daily work management to increase labour productivity (productivity in glazing area was improved by 13.3%)
- Kiln yield was improved from 73% to 80%

**The ECS intervention turned a business that was seen to be a lost cause into a success story, by culling out potential from behind closed doors.**

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**ECS is a premier business management-consulting firm in India. Its consulting practice covers Services, Strategy, Operations, Human Resources & Change Management, Supply Chain Management and Full Value Spend.**

In its Operations practice, ECS is active in helping clients to align their operations with their strategic goals using the latest concepts in **Business Process Re-engineering, strategic cost reduction, policy deployment, new product development** etc. ECS has been pioneering the effort of transformation management in India and is well known in **process transformation, TQM, TPM, Six Sigma & Full Value Spend** consulting.

We always partner with our clients till implementation of solutions. We have a proven record of over a decade of successful implementation in large Indian Organization and Multinational organizations.

The interventions have helped its clients in significantly reducing cycle time, cost and defects and increasing throughput, productivity and reliability.

ECS follows a method of collaborative consulting with a strong emphasis on people involvement in the change process.

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