

CASE STUDY



BUSINESS PROCESS RE ENGINEERING IN THE CARAVAN INDUSTRY

CUSTOMER DESCRIPTION

Harrington Caravans Ltd is one of the UK's leading sellers of new and partially used leisure caravans and also retails extensive caravan accessories, camping equipment, awnings and discount outdoor clothing. The business operates from its own 35 acre site situated in the countryside at Delamere between Chester and Northwich. The overall business is run as 3 separate profit centres i.e. New & Used caravan Sales, Servicing and Parts Dept and a large on site retail outlet. For the convenience of visitors there is also an on site coffee shop which is franchised out.

SYMPTOMS

Following difficult trading conditions around the Foot & Mouth outbreak period, turnover declined and the company retrenched accordingly to meet the lower levels of demand. Gradually over a two to three year period the sales turnover has recovered. This is thought to be because of better than expected weather conditions and the tragic events of September 11th. The affect of people wishing to spend more of their time in the UK has seen the caravan and leisure industry grow remarkably and the company's sales volume grow in excess of £10m New caravans come with a 3-year warranty and the increased business has stretched the systems and resources of the Service department affecting the overall business performance.

To ensure the business maintained its increasing drive for competitiveness, customer satisfaction and profitability it wished to address issues within the Services department such as:-

- ✓ Customer service interface and alignment of processes to customer requirements
- ✓ Organisational structure of the Service Department
- ✓ Staff roles and responsibilities of the Service Department
- ✓ Workshop planning and control
- ✓ Service Engineers effectiveness
- ✓ Interdepartmental communications
- ✓ Invoicing and costing processes

SERVICES PROVIDED

Business Link Cheshire & Warrington were approached to assist in the company's corporate aim and approached "FMEA Consultants" who are specialists in this area and who have a tried and tested process for improving business performance called "Change4" the process has three phases

Phase 1 (Stage 1) INITIATE

A short business operational review to improve the profitability, customer service and efficiency of the Service Department i.e. A QUICK ASSESSMENT to select the right processes configure the assignment, identify any quick wins and engage the work force in the future programme of work for profit and customer service improvements

Phase 2 (Stage 2 & Stage 3) STREAMLINING/Re DESIGN

Further improvements in the profitability, customer service and effectiveness of the service departments through engaging Process Teams in Business Process Re-Engineering, mapping the "AS IS" core processes, applying the technique of "Voice of the Customer" and STREAMLINING/REDESIGNING existing core processes

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Phase 3 (Stage 4) REALISE

Generating alternative process maps developing best in class "TO BE" processes managing the change process and planning the successful implementation of the project

OUTCOMES

Standards

- ✓ Increased sales volume ?%
- ✓ Increased sales per direct employee ?%
- ✓ Increased profitability ?%
- ✓ Increased customer service ?% through:
 - ✓ reorganisation of the service department and introduction of the "Voice of the Customer" process
 - ✓ Service interface confirmation process documentation
 - ✓ Spares confirmation process documentation
 - ✓ Voice of the Customer" process
- ✓ PDI Service lead time to agreed target (4 days) through
 - ✓ Electronic Scheduling of Pre- Delivery Servicing
- ✓ Speed of delivery of new caravans increased by 400% through "Hitch and Go"
- ✓ Servicing and Warranty work to agreed target (2 weeks)through
 - ✓ improved planning and increased workshop capacity
- ✓ Increased Service Engineer Performance of 16% agreed target 86% of standard through
 - ✓ implementation of labour cost control,
 - ✓ improved supervisory management
 - ✓ revised formal rewards
- ✓ Outsourcing-use of subcontract labour cost reduction of 45%/hour saving £?/annum
- ✓ Reduced costs of 10% target £50k
- ✓ Rework to ?% of cost
- ✓ Stores control and stock control accuracy improved by ? % and ?% respectively through staff replacement
- ✓ Training days existing employees target 10 days
- ✓ Training days new employees target 28
- ✓ Health and Safety zero lost time accidents
- ✓ Attendance 97%
- ✓ Supplier spare part delivery performance agreed through
 - ✓ Discussion with the main supplier
- ✓ Flow of caravans through the workshop and yard operations improved through
 - ✓ Continuous improvement team
 - ✓ Use of flow diagrams

"The programme of work has removed the need for Senior management to get involved in day to day operations Fire fighting was the order of the day. We are now able to think more strategically and plan for further growth"
Mr J Moorhouse Managing Director

Strategic

- ✓ Senior Management focused on long term business planning
- ✓ Aggregate planning implemented
 - ✓ Revised working conditions implemented
 - ✓ Tied sub contractors in place for peak loading
- ✓ Continuous improvement process in place
- ✓ Review of the site location
- ✓ Process organisation structure implemented