

Competitive in any market conditions

Cash Flow Struggles

Case Study
Chemicals

Falling short of industry benchmarks, a leading petrochemical company used Celerant's advice and support to exceed its cumulative savings target by a factor of three, and surpass its annualized cost reduction target by 50%

Company: A global manufacturer and marketer of differentiated chemicals

Location: Americas and Europe

Sector: Chemicals

Business Challenges: Flagging performance, highly competitive industry, struggle to maintain positive cash flow

Capabilities: Asset Management, Organizational Alignment & Effectiveness

Situation

In the highly competitive petrochemicals industry, performance standards are high. Companies that fail to meet key benchmarks are liable to find themselves quickly in a downward spiral.

Managers at one such company realized their organization was underperforming and struggling to maintain positive cash flow in the prevailing economic conditions.

Approach & Delivery

Celerant Consulting was called in to help realize that potential, because of its reputation for rapid, measurable and sustainable improvements in operations.

Six teams, including both company employees and Celerant consultants, were set up to focus on a specific area that had been highlighted as capable of significant improvement.

A key focus was to provide the means of improving the overall organization's decision making and effectiveness. This was achieved by installing a new Management System (Celerant's proprietary MCRS®) and a set of key performance indicators which were developed jointly by company managers and Celerant.

Another team's tasks revolved around designing and implementing a new organizational

structure. The new structure had to enable the organization to respond quickly and effectively in the fast moving petrochemicals market. The team collaborated across departmental and other boundaries. In the new structure, every employee at every level had a clear role and responsibility; and all key business processes had someone clearly accountable for them.

In the production area of the business, greater visibility was needed to highlight problems before they became serious.

Maintenance was subjected to close scrutiny, as the organization's future success depended on setting high levels of plant reliability while reducing costs even further.

Results

Celerant was able to work with the company to achieve cumulative savings of more than \$26 million, \$17.7 million above target as well as ongoing annualized cost reduction of \$45 million against a target of \$30 million.

The company experienced better response cross function due to clear expectations and accountabilities, greater visibility into production, streamlined maintenance and integrated EH&S.

Less tangible, but still vital to the success of the company were the sustained urgency and excitement regarding continuous improvement.