



Jacksons Fencing

“Back to Basics”

Andy Watt



Andy Watt

- **1989** Mechanical Engineer
- **1995** Senior Manager in Aerospace and Defence
- **2000** joined Goldratt
- **2004** formed Levee LLP
- **2007** Goldratt UK CEO
- **2007** Kitchens formed
- **2009** Kitchens sold
- **2011** Ropeweaver formed
- **2013** Semprio formed



andy.watt@goldratt.co.uk



Levee/Goldratt UK

- Established in 1989 by Dr Goldratt and partners
- Since 2004 led by Andy Watt
- Focus on TOC implementations:
 - Product Development / Project Management
 - Holistically
 - Operations
 - Sales
- Contracts are result based
- 10 employees + Contractors
- >100 blue chip & SME clients
- Annual Turnover > €1.5M



Clients



Profile

- Established 1947
- Richard Jackson
Managing Director (3rd
Generation)
- Turnover £10M with
profits of £450k
- One Manufacturing site
and three retail outlets
- Other Points of sale
through Distributors &
Fencing Contractors
- Direct sales on-line &
direct telesales
(incoming)

Jacksons

Fences



Gates



Decking & Pergolas



Also available:

- ❖ Traditional Fencing
- ❖ Agricultural & Equestrian
Fencing
- ❖ Trellis Panels
- ❖ Gate Automation
- ❖ Metal Ornamental Fencing

And much more!

Visit jacksons-fencing.co.uk ▶



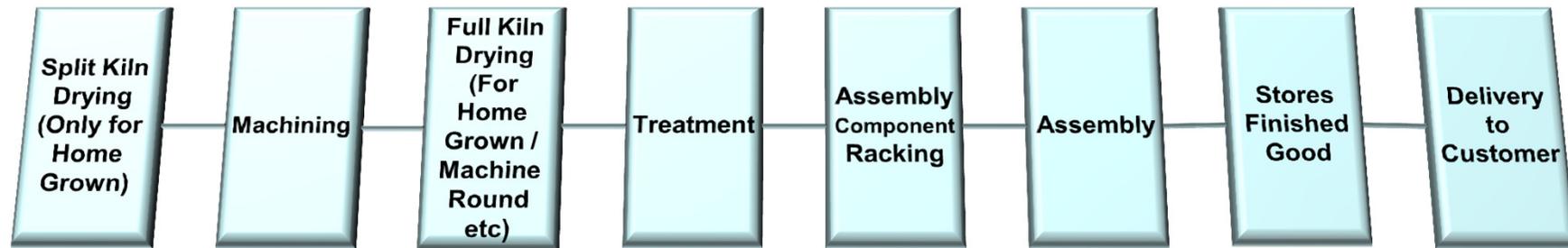
Contract



- Marketing generated request from Richard
- Follow up initial meeting arranged and subsequent data collection
- Contract signed September 2011
- Scope
 - Manufacturing
 - Distribution
 - Sales
- Kick-off October 1st 2011
- Contract
 - One year
 - Small Monthly retainer
 - Performance payment based on share of delta increase in net profit over 15%



Process



Challenges

- Too many finished goods (and MTO) have too high inventory levels,
- Materials are not always available when needed
- Suppliers lead times are too long
- Too many discounts (aged product)
- Too many finished goods have no free stock available
- People, equipment and space are not always available
- Too often there is a need for urgent deliveries
- Too much expediting
- Conversion rate is too low
- Time after manufacture to treatment is limited
- Insufficient capacity to meet demand in peak season
- Local authority restrictions on increasing space
- Pressure to reduce prices



Direction of Solution - Operations

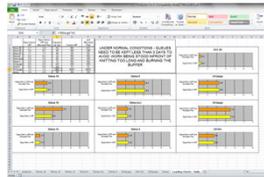
Increase availability throughout the year and reduce lead times

- Fast movers and slow movers treated differently
- MTO and MTA based upon customer tolerance time
- Time to Reliably Replenish reduced
- Over-production reduced significantly (local efficiency)
- Increased capacity / output (at Constraint – “Kiln”)
- Single priority system
- Increase synchronisation of Timber supply
- Dynamically manage the inventory targets (and WIP) based upon demand (treat peak season differently)
- Manage the range

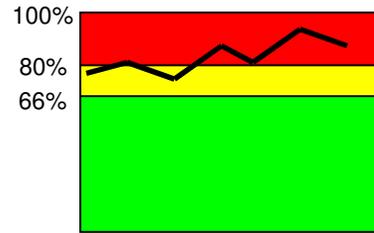


Solution Summary

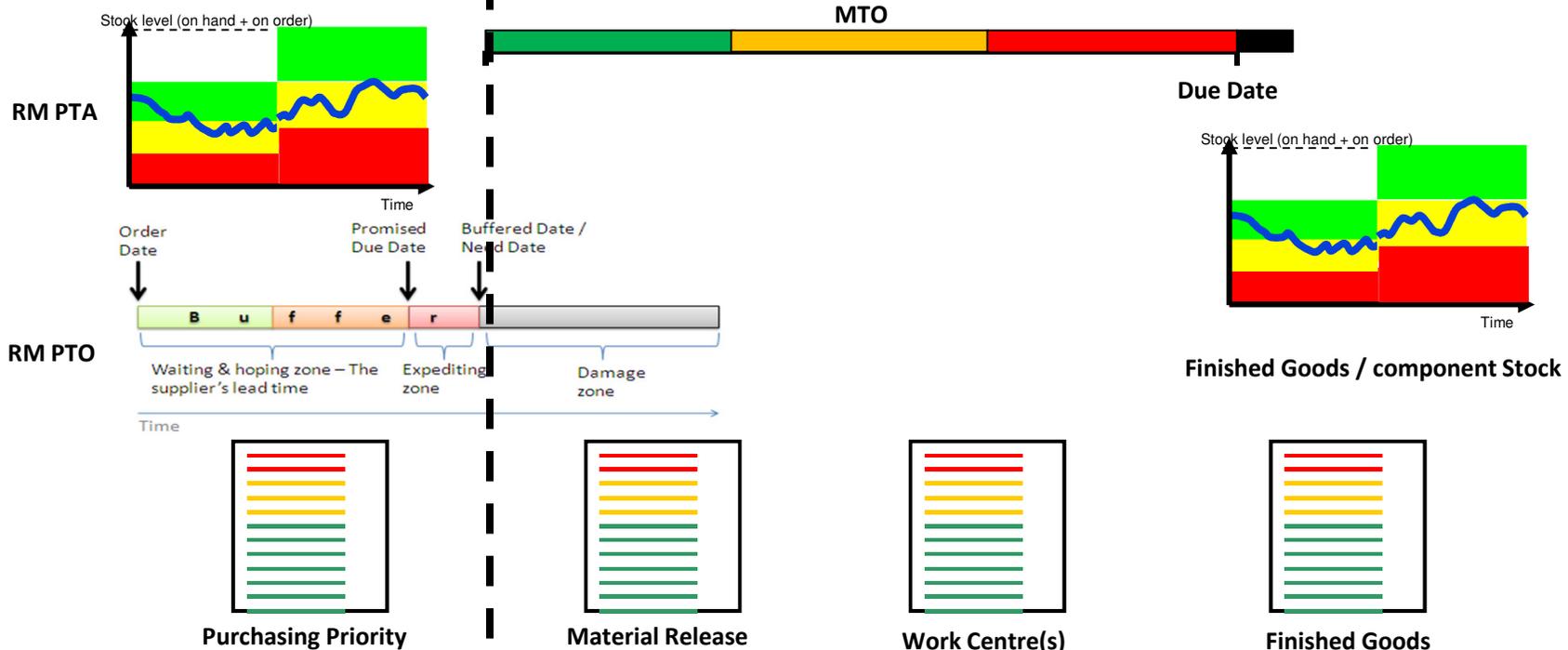
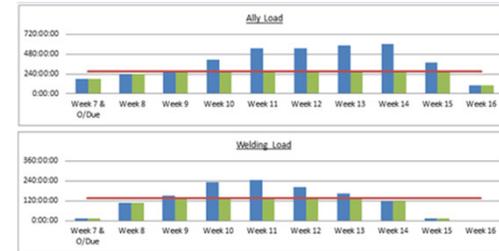
DRUM QUEUE MGMT



DRUM LOAD CONTROL



Due Date Quote





Direction of Solution - Sales

Own Retail

- Three sites (make Chester proper retail outlet)
- Ensure all fast movers are available for retail
- Ensure SKU's displayed versus what you expect is displayed. Check the amount of Inventory on display.
- Ensure fast movers are stocked and replenished based on daily sales.
- Ensure shelves are being replenished properly by the store and availability / display is as expected

Distributors

- Identify top ten (80% of sales)
- Change pricing policy to discourage big batches
- Ensure they purchase all fast movers
- Swap overstocked sku's for some new sku's)
- Analyse the results on a weekly basis to course correct

Tele-sales Team

- Focus on "pushing" fast movers
- Build confidence in Operations
- Ensure enquiry follow-up process followed

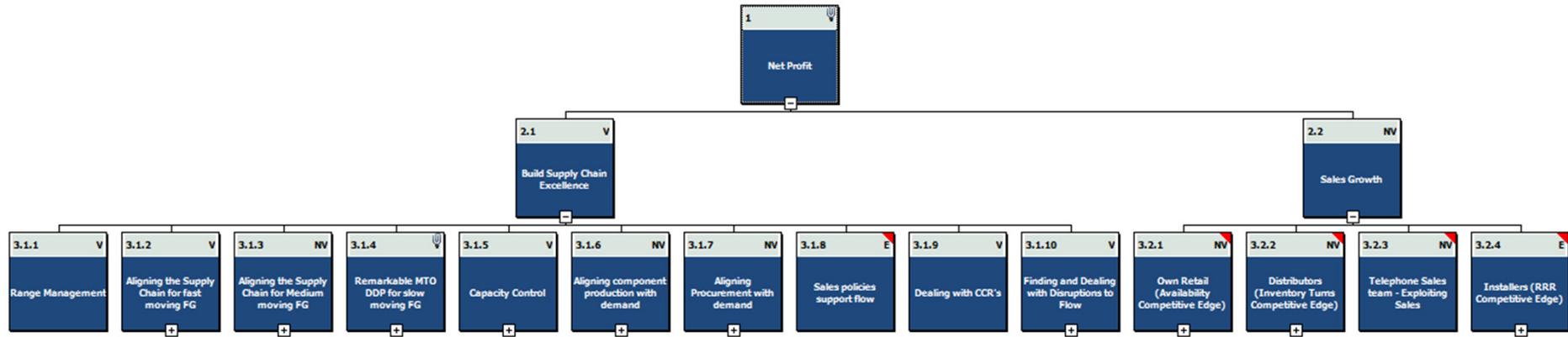


Implementation

- People
 - Goldratt
 - Andy Watt - quarterly reviews
 - John Muncaster - monthly visits
 - Eric Ronney – weekly visits
 - Jacksons
 - Managing Director – monthly reviews
 - The Core Team (Operations Director & Business Improvement) – responsible for day-to-day implementation
- Processes
 - S&T based implementation
- Software
 - None



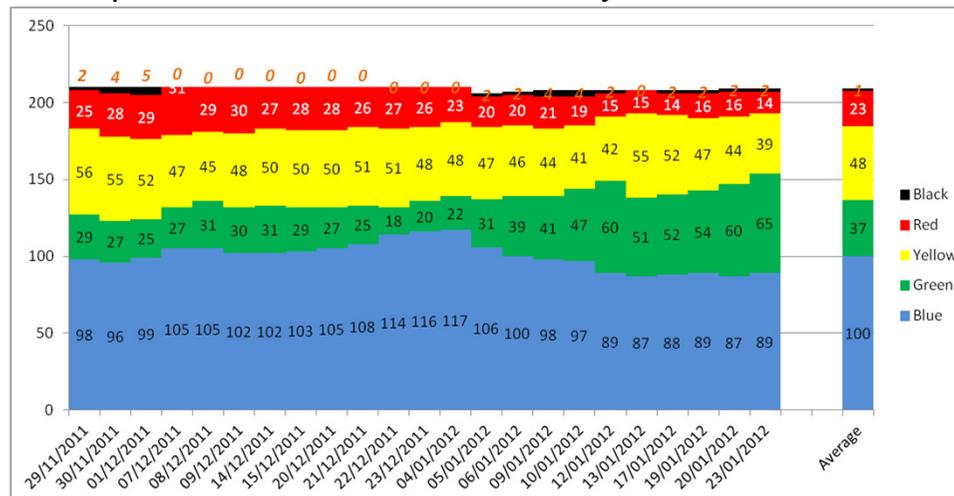
Customised S & T





Quarter One

- Finished Goods reclassified
- Make to availability up and running for components and runners
 - Manufacturing only components & finished products required to meet target level
 - Timber not converted into a product just to keep people and processes efficient
 - Strangers and repeaters are made to order only



- More regular and systematic checking of raw material and components
- Make to Order & purchasing solutions shortly to be launched
- Increased aggregation in raw material
 - More products from less raw material SKUs



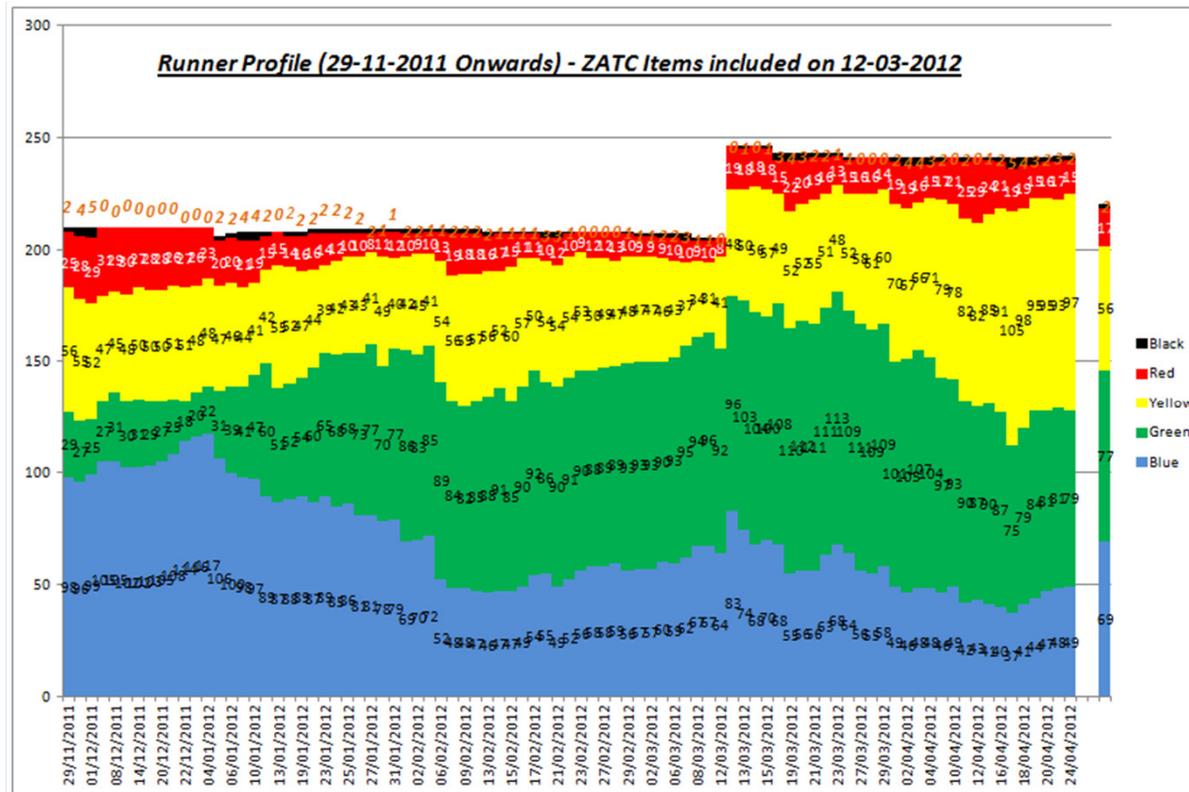
Quarter Two

- Purchasing and production have switched from a forecast driven to a consumption driven mode of operation, wherever possible.
 - Purchase to order for home grown material in most cases
 - Purchase to availability for imported material
 - Make to order for Specials, Strangers and 'extraordinary' orders for Runners
 - Make to availability for Runners and components
- Single priority system in production (Red, Yellow, Green)
- Weekly operations meeting changed from planning production to managing use of capacity:
 - Identifying problems and defining actions
 - Monitoring Cross cutter (and Kiln for home grown) capacity (CCR – Capacity Constrained Resource)



Quarter Two

- Pre-season stock build led to increase in blues & greens
- ‘Normal’ profile is mostly Yellow (approx 2/3), remainder red and green
- Blues due to slow moving stock and ‘rounding’ (make a whole pack)





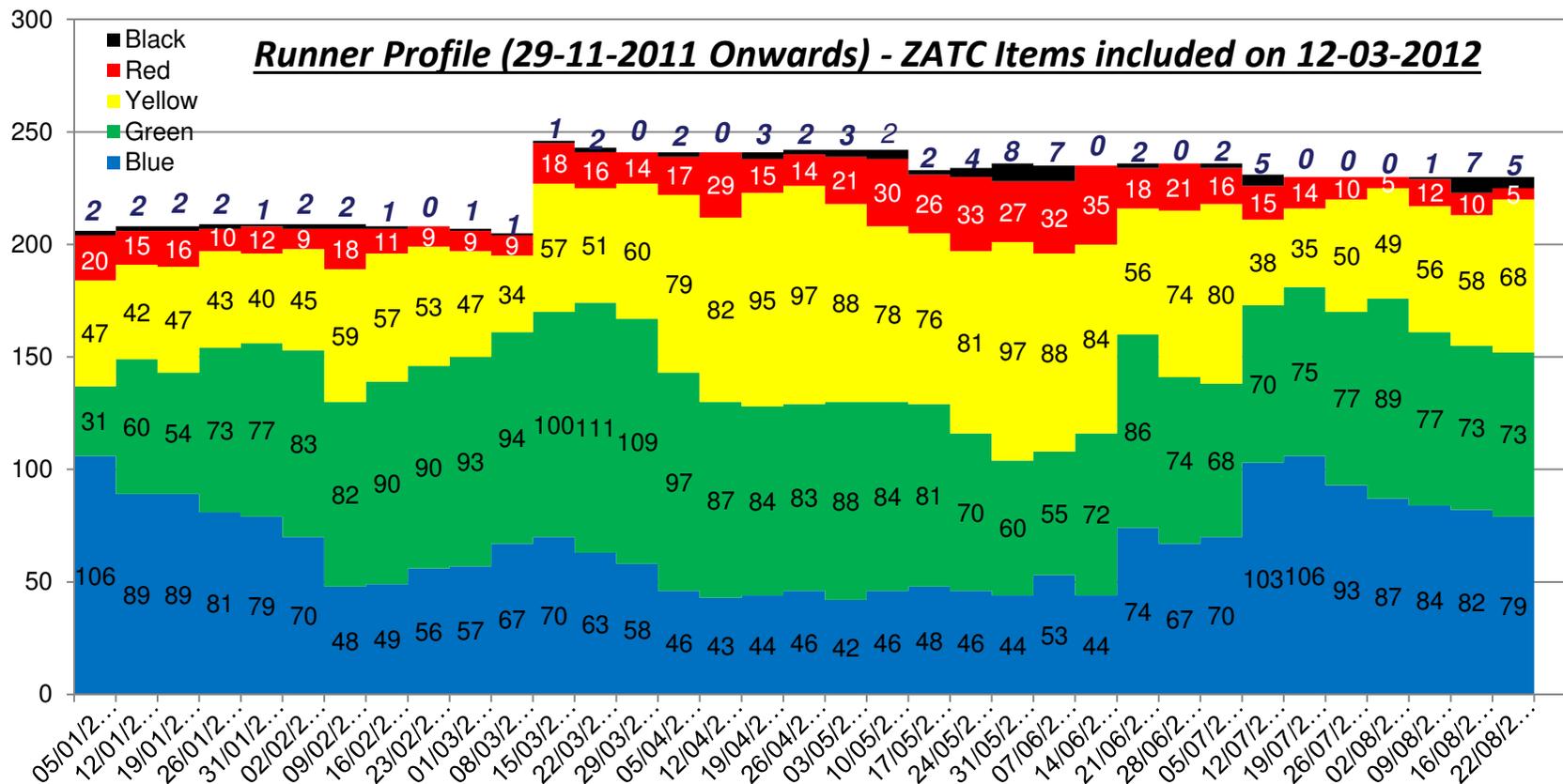
Quarter Three

- Production and purchasing planning and traffic light priority systems are working and well understood
- Stock availability significantly improved from last year
- Dynamic stock level management
- Shorter weekly operations meetings
- Surplus capacity and running without overtime rather than stock building



Quarter Three

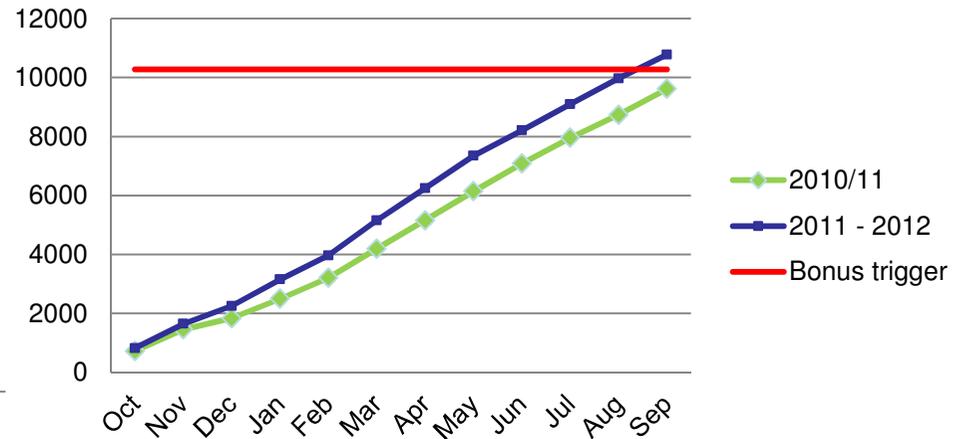
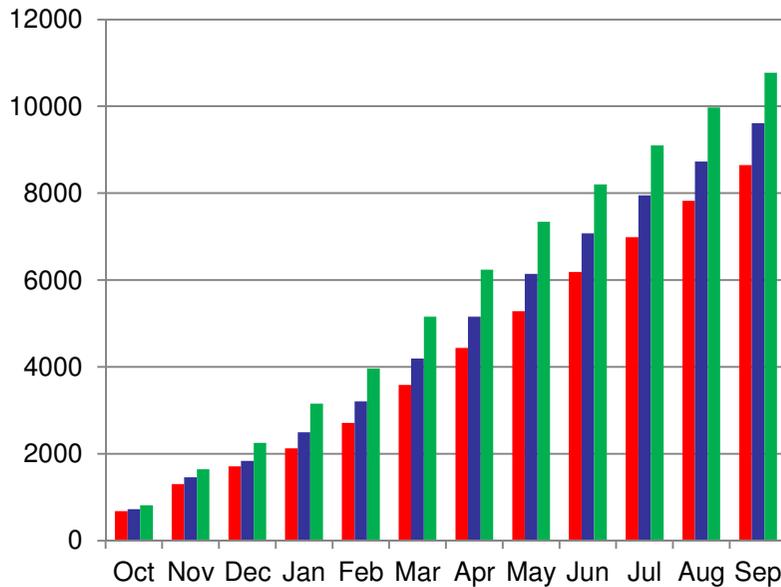
- 5 current 'blacks' consciously not being made yet - new non-certified posts replacing certified items that still have stock to run down.
- Step changes are where target levels have been changed.





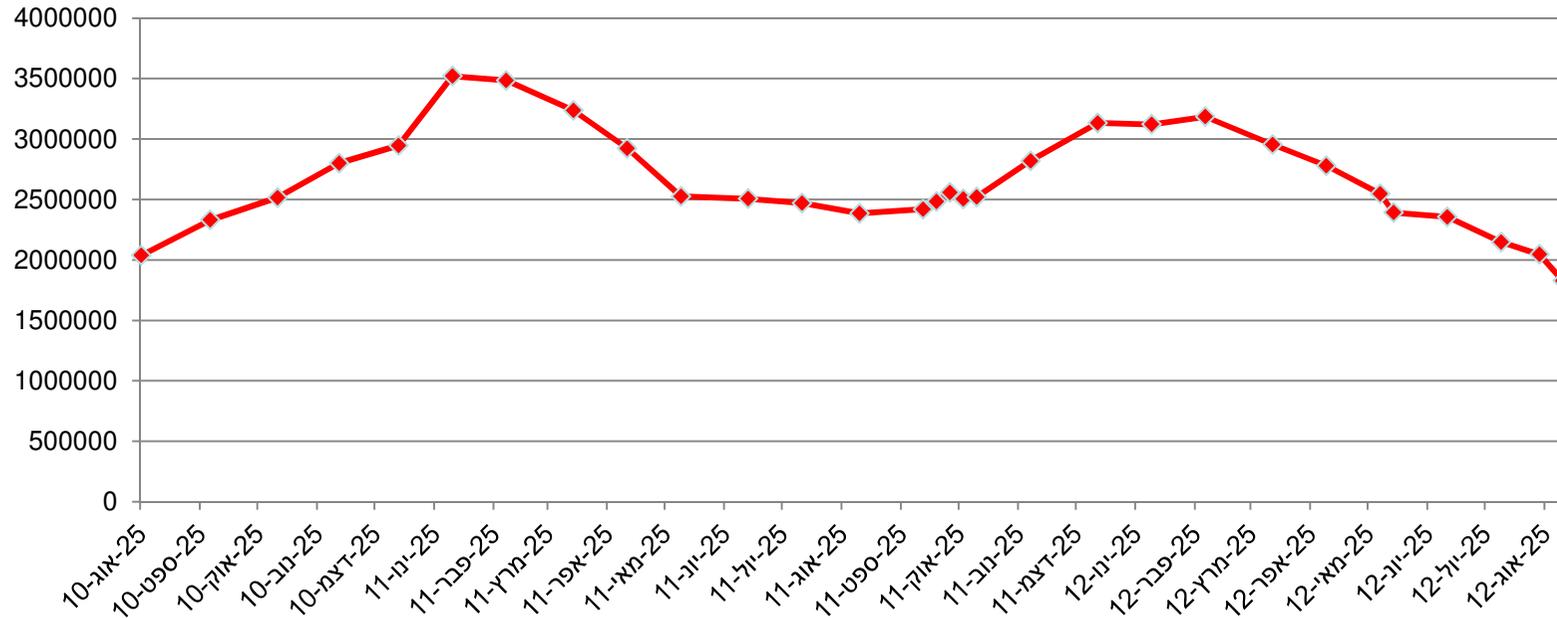
Quarter Four - Sales

Cumulative Sales





Quarter Four - Stock



“Stock Build Target levels were set high due to concern over developing a new system. “Lets make sure we don’t have a bad season because of a bad start”. Looking back, we possibly applied ‘belt and braces’. Visibility and control of production is now much improved so we could see where to make reductions. Target levels first reduced in May, and 4 further reductions made since then. Some items (e.g. machine round, home grown) still have relatively high targets due to long replenishment lead times. Material purchases have slowed significantly though which indicates we are draining the stock successfully”. **Andy Tune, Operations Director**



Results

- Sales increase > 20%
- Throughput increase > 25%
- Inventory reduced by > 20%
- Net Profit increase of > 100%

“Before the implementation I was frustrated because every year we always had stock of fences but could not take the orders or fulfil them fast enough because we had no fence posts. I checked every week of the implementation if we had any fence posts and we always did – this was my litmus test.” **Richard Jackson, Chairman and CEO**

