

London Consulting Group's **GUIDANCE TRANSFORMS** **AJOVER-DARNEL**



Ajoover-Darnel is a group of companies that are leading manufacturers of petrochemical products, building products, decorations, and packaging products with over 40 years of experience.

It is a brand leader in the production of high-quality, disposable, and recyclable plastic food packaging. Ajoover-Darnel operates production plants in the United States, Colombia, Brazil, Uruguay, Spain, Turkey, and Israel, along with distribution centers on four continents, ensuring that its products are available anywhere in the world.





➤ *Seeking out Opportunities*

Ajover-Darnel identified several key areas for improvement in their Colombian operation. These included identifying and capitalizing on efficiencies, enhancing service levels across the entire value chain, aligning metrics, and strengthening their personnel's leadership skills. To address these issues, they decided to open their doors to London Consulting Group in 2019.

London Consulting Group started by conducting a deep-dive assessment that analyzed the organization's processes and culture. They encountered significant resistance during this stage, but the results that they generated convinced Ajover-Darnel's leadership to give the improvement project the go-ahead. The 40-week improvement project called "Enrutando" started in 2020 and was carried out in two stages due to the COVID-19 pandemic.

➤ CHALLENGES

The deep-dive assessment showed that Ajover-Darnel's operations were facing significant challenges in the following areas:

PLANNING

SUPPLY

FLOOR CONTROL

QUALITY

MAINTENANCE

LOGISTICS

COMMERCIAL

SALES

ORGANIZATIONAL STRUCTURE

TALENT DEVELOPMENT

➤ GUIDING AJOVER-DARNEL

towards a more robust and efficient organization

London Consulting Group established a series of objectives for each department and a road map. The project team, made up of London Consulting Group and Ajoover-Darnel personnel, worked together to implement the following initiatives:

Floor Control

Floor Control initiatives were implemented to optimize production by balancing and prioritizing the schedule with new tools that maximize equipment efficiency and manage product changes. The team implemented checklists to ensure timely shift starts and active supervision, updated objectives and production speed standards, improved control over stoppages and developed automated indicator dashboards.

These initiatives, combined with the key management meetings, resulted in increased compliance with the production schedule, fewer schedule changes, reduced unscheduled stoppages, improved Overall Equipment Effectiveness (OEE), and reductions in both scrap and non-conforming products.

Quality

The project team introduced initiatives to ensure compliance with metrological and quality plans by designing new procedures that considered the production schedule. They implemented daily task checklists, a follow-up and control tool for the Quality plan, and an active supervision model with improved inspection routines.

Reports and measurements were standardized across plants, and automated indicator dashboards were developed, improving the effectiveness of the established key management meetings. These initiatives also improved compliance with the Quality Inspection Plan, balanced the inspectors' workloads, and reduced non-conforming products.

Supply

The implemented initiatives optimized inventory management and procurement processes by calculating total consumption, lead times, and deviations to determine optimal inventory levels. They established minimum and maximum inventory levels based on consumption patterns and created tools to generate timely and accurate procurement orders. They developed the Instock tool to optimize inventory management further and established an Expenses Committee to monitor key expenses.

Procurement costs were reduced by recategorizing suppliers and materials and applying the London Consulting Group's PAFEF (Planning, Assignment, Follow-up, Evaluation, Feedback) methodology to align procurement strategies with organizational goals. These efforts led to optimal inventory levels, developing a more robust procurement strategy, improved negotiations, and consolidated purchases, resulting in increased productivity and cost savings.

Sales

The project team implemented several initiatives to boost sales performance and customer service. They re-segmented clients, increasing sales, customer interactions, and service levels while developing tools like a sales simulation and potential sales measurement system for targeted prospecting. Capacity was calculated by zone, which improved segmentation for each sales channel, and tools and indicators were introduced that improved suggested orders and cross-sales.

The sales plan was aligned with the department's objectives, and digital tools enhanced active sales by outlining the sales routes and steps for the sales force. Sales supervision was improved through daily tasks, performance meetings, and root cause analysis, while new dashboards monitored progress. These initiatives led to increased client visits, cross-sales, and budget compliance, improving overall sales volume and service quality.

Maintenance

Ajover-Darnel and London Consulting Group implemented several initiatives to enhance efficiency. A new scheduling tool was introduced that focused on the key equipment's faults and took into account resource capacity and production schedules. The team designed a Flexible Matrix tool to prioritize maintenance on critical equipment, introduced daily supervision tasks and tools, and implemented a Reorder Point tool to ensure the availability of spare parts.

The company also designed tablet-based tools for managing work orders, utilized Office 365 and automated dashboards for tracking and controlling maintenance activities, and aligned work orders with the operations. These initiatives increased compliance with the maintenance plan, improved OEE, reduced maintenance costs, and decreased corrective maintenance.

Planning

The key initiatives focused on improving the accuracy of the demand forecasts and implementing an S&OP system that aligned with the sales objectives. The team developed a Product Portfolio Analysis tool, strengthened the Production Schedule and Master Plan, and created a tool to track the causes of out-of-stock and slow-moving products. Furthermore, the project team designed and developed a comprehensive indicator dashboard, and automated tools on Power BI, and established key management meetings to analyze performance and make timely adjustments.

These initiatives optimized production by correcting forecast deviations and improving operational efficiency at production plants. The initiatives also enhanced the detection of inefficiencies in the scheduling process and increased the effectiveness of the meetings, further streamlining the operations.

Logistics

A range of initiatives were implemented to enhance warehouse efficiency and productivity. The team optimized warehouse layouts, redesigned cycle counts, and introduced new productivity indicators and objectives. Tools were developed to measure space utilization, personnel workload, and productivity, and a system for managing cycle counts in external warehouses was created. An incentive model and increased audit schedules were also introduced alongside daily and weekly cleaning tasks.

Personnel structure and task assignments were optimized, and an indicator dashboard was developed on the BI platform. These efforts resulted in more frequent audits, improved reliability, better product organization, enhanced productivity, improved inventory tracking, and reduced reliance on external warehouse storage, leading to cost reductions.

Organizational Structure

The project team created a committee to oversee the structure, reevaluated activities to optimize workloads, defined roles and profiles for better alignment, and analyzed activities to find efficiencies. An optimized organizational structure was developed, and automation and new tools were implemented to streamline the operations. These efforts resulted in improved communication and integration, better workload distribution, and increased efficiency. 161 Activity Lists were analyzed and optimized, leading to a monthly savings of over 300 man-hours.

Talent Development

The project team made all these improvements because it carried out a Leadership Skills program that significantly enhanced the personnel's managerial capabilities. Over 125 hours were dedicated to providing individual task support, and these significant improvements in the managers' leadership skills enabled the creation of over 180 impactful action plans.



Results

Planning

- **+100%** increase in the Planning department's On Time In Full (OTIF) deliveries indicator, achieving an OTIF of 100%
- **47%** increase in the accuracy of the Forecast
- **51%** decrease in Slow Moving Finished Disposable Products
- **11%** decrease in the value of out-of-stock orders and 33% in order lines affected by out-of-stock

Logistics

- **15%** increase in inventory reliability, reaching 99% compliance
- **15%** increase in the dispatchers' productivity, increasing daily loading capacity
- **4%** decrease in transport costs
- **48%** decrease in the negotiation of regulated tariffs
- **98%** decrease in returned goods (due to transportation or dispatching issues)

Production

- **13%** increase in the Foamed Products' OEE, achieving 89% efficiency
- **23%** increase in compliance with the Rigids' production schedule, achieving 86% compliance
- **43%** increase in the OTIF of Rigid Products, achieving an OTIF of 90%
- **4%** decrease in operating cost per kilogram produced

Sales

- **22%** increase in sales
- **15%** increase in the average effectiveness of the sales team's visits
- **25%** increase in compliance with the cash budget
- **9%** increase in compliance with the budget in kilograms
- **13%** increase in the average number of active clients
- **50%** increase in the coaching qualification for the development of the commercial team's skills



Quality

- **41%** decrease in SCRAP (Waste) of Rigid
- **80%** decrease in Non-Conforming Materials vs. Foamed Production
- **71%** decrease in quality claims

Supply and Procurement

- **41%** increase in the OTIF Indicator for the procurement of spare parts, packaging materials, and Non-Stock
- **16%** increase in the Suppliers' OTIF: Raw Material, Packaging Material, Imported and Domestic Spare Parts, and Non-Stock
- **72%** decrease in the Stock Out without Purchase Order Indicator
- **83%** reduction in average procurement time, from 12 to 2 days

Organizational Structure

- **18%** decrease in personnel due to the elimination of rework, unproductive tasks, and balancing workloads
- **18%** increase in additional workload utilization distributed among the remaining personnel

Maintenance

- **42%** increase in compliance with the Rigid's maintenance schedule, achieving 91% compliance
- **30%** increase in the Rigid's maintenance OTIF indicator, achieving 100% OTIF compliance
- **60%** decrease in the Availability Affected by Maintenance (AAM) for Rigid Products in Cartagena

The initiatives carried out by London Consulting Group and Ajoover-Darnel were successful due to collaborative work between London Consulting Group's team and the company's management, the implementation of innovative solutions, strengthening and aligning the indicators with the company's objectives, and improving the personnel's leadership skills. These factors ensured participation and the success of the project.

The "Enrutando" project exceeded Ajoover-Darnel's expectations. The initiatives resulted in significant financial benefits, including a reduction in production costs and savings from freight rate optimization, increased margins from additional sales, and savings from supply management improvements. By the end of the project, the project team had achieved an **ROI** of 4.4 to 1, with a forecasted annualized **ROI** of 12.4 to 1.

"The results we obtained really went far beyond what I would have expected at the beginning. The benefits we have obtained have been very, very great. Today we operate in a simpler, easier, and above all, much more effective way, removing the complexity in the operation and working as a team."

- PRESIDENT AND SHAREHOLDER OF AJOVER-DARNEL

Why LONDON CONSULTING GROUP

London Consulting Group's methodology is composed of three parts:

1

DISCOVERY PHASE

This one-week phase enables us to understand your business, the challenges you face, and the opportunities that can be capitalized on.

Through a series of strategic interviews, we gather information on your organization's vision, priorities, and expectations. This is followed by a site visit that allows us to observe your processes in detail, identify the technology being used, and determine how the results are obtained.

Once we have this information, we can identify possible sources of savings and establish a work plan for the diagnostic. These are presented in an initial Deep-dive Analysis Proposal that leverages your organization's vision and knowledge to maximize your return on investment. We present your organization with a report identifying the most evident improvement opportunities and their potential financial savings.

2

TRANSFORMATION PHASE

The phase is divided into two sections:

1. Deep-Dive Analysis

During this stage, we carry out a comprehensive diagnostic of your organization, your processes, and your Governance model. We analyze in detail:

STRATEGIC ALIGNMENT

MACROSTRUCTURE

INDICATOR MODEL

SYSTEMS

During these two months, you will get a precise overview of the opportunities that can be capitalized so you can get the most out of your business.

2. Design and Implementation

Using cutting-edge technology and agile methodologies, we design, implement, and monitor the improvements with your team to increase your profits and take your personnel to the next level. Our wide range of customized solutions can address many areas, including:

- Strategic planning (aligning vision/mission with objectives, initiatives, and plans)
- Marketing and sales (CRM; go-to-market; sales and channels; direct sales)
- Personnel and organizations (agile leadership; governance model; competency development)
- Supply chain management (demand and inventory planning; distribution)
- Operations (efficiency optimization; lean manufacturing)
- Information technology (digitization, dashboards, ERP, technology)
- Back Office / Shared Services (aligning HR, Finance, Procurements, Sales, etc.)
- Operational due diligence (quantification and simulation of due diligence)
- Certifications (compliance with industry standards)

3

CONTINUITY

Audits are carried out after 3, 6, and 12 months to ensure that the proposed financial benefits are being achieved.

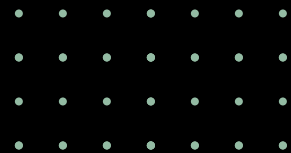
On average, the Return on Investment on a London Consulting Group project is 5 to 1 – meaning that your investment in efficiency optimization has the potential to take your business to the next level!

Let's Grow!

Ready to transform the future of your business?

Contact us today and find out how London Consulting Group can help you achieve immediate results, optimize your operations and prepare you to meet the challenges of the future.

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