

Case: Multiple delays

Industry: Optical laboratories

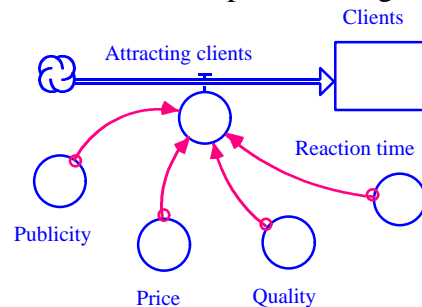
The Issue

The optics laboratories industry in Mexico is characterized traditionally as being small, with little competition and rather undemanding for keen management skills. As such, a typical firm is family run with traditional administrative systems in which decision making is made by intuition. The recent modernization and internationalization of the industry have brought the necessity for significant changes. Among these include the need for timely and accurate inventory information as well as a new focus on product quality and adherence to on-time delivery demands of the market. These new challenges require the traditional management team to become more flexible and responsive.

The Approach

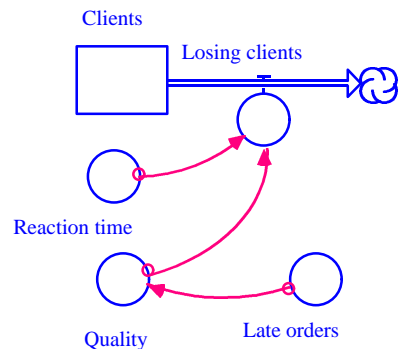
The company brought in Strategic Clarity to help the management team understand the relevant internal operating structures and how the existing business policies affect their ability to take advantage of this changing environment. Together with the client, Strategic Clarity developed a model derived from the perspectives of different experts making

decisions within the business. Initially the model highlights the relevant factors that the client takes into account when buying from the company. The process identified key delays in the impact certain critical activities have on attracting clients, such as publicity and perception of product quality improvement.

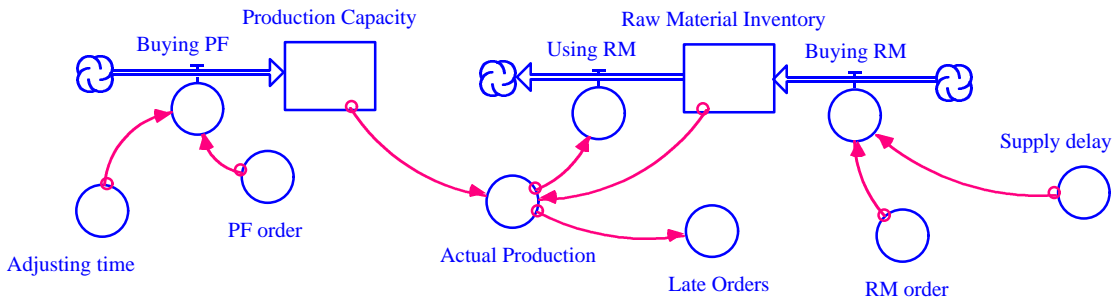


Extending the model, the principal reasons for why the clients stopped buying were analyzed.

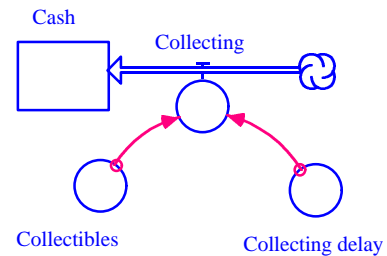
Another critical area affecting why clients leave was late deliveries. The model helped the management team realize how inefficiencies in the internal production process were directly linked to clients leaving by reducing product quality. In addition, late deliveries compounded the rate at which clients left. The clarity that the modeling process offered to the management team regarding these issues helped the team propose and implement effective changes to improve performance. As a result, much greater attention is focused on delivery times, product quality and client retention.



Among the causes driving late deliveries, it was found that the delays in raw material order supply (15 days), as well as the delays to capacity improvements (90 days) considerably affected the productivity of several stages within the production process. These provoked bottlenecks and limited production. The lack of alignment between sales effort and production capacity foresight was an important factor in determining the future company performance.



Finally, it was determined how the significantly delays in cash collection inhibited the firm from investing in capacity, ordering raw material and improving client attraction in the appropriate moments. As a result, the firm restructured the collections effort developed a key client relationships framework.



The Results

After validating the model with the management team, Strategic Clarity explored the implications that the results had on the existent politics and the company's ability for future growth. The market approach was changed from client attraction to retention, the development of relationships with suppliers and clients was included in strategic planning sessions and investment was allocated to strategic resources. These changes in the strategic and operating levels of the company established a more effective strategy in these dynamic times and created a more adequate basis for growing with long-term stability and liquidity.

For more information regarding Strategic Clarity, please visit our website at www.strategic-clarity.com, or contact us at info@strategic-clarity.com.