



Eminox drives Planning and Control to Class A achievement

Phase One – Class A in Planning and Control

About Eminox and its growth as a leading automotive technology company

Eminox Limited is a global emissions solutions company headquartered in the UK. It designs and manufactures high-performance stainless-steel exhaust and emissions control systems for on and off-road vehicles and equipment. The company was started in 1978, is based in Gainsborough, Lincolnshire, England and is part of the Hexadex Group. It employs 320 people and has an annual turnover of over £90 million.

Imagine the **possibilities**,
realize the **potential**.[®]

Oliver Wight
OLIVER WIGHT

Its customer base is primarily across the UK and Europe. It is expanding globally and has recently announced the launch of a new production facility in Slovakia, and expansion into India. It has three value streams:

- **Original Equipment Manufacturers (OEM)**
- designs and manufactures reliable and durable exhaust aftertreatment systems (EATS) for on and off-road heavy-duty vehicles and equipment in sectors including agriculture, power generation and construction.
- **Retrofit** - working with businesses, governments and industry specialists to provide economical routes to compliance to the latest emissions regulations. Eminox Retrofit technology is approved to upgrade vehicles and equipment for compliance in the growing number of Clean Air Zones such as London's Ultra Low Emissions Zone and on Europe's largest infrastructure project, HS2.
- **Aftermarket** - this value stream offers high quality, value for money replacement diesel particulate filters (DPF) for buses and trucks. Eminox's DPF range is available to over 80% of on-road Euro 6 vehicles, including DAF, Scania, MAN, Renault, Volvo, and Mercedes.

Benefits at a glance from 2019 to 2021

- **Class A Certification in Planning and Control**
- **OTIF increased from 24% to 95%**
- **Sales have grown by 160%**
- **Zero overdue orders**
- **Eliminated unacceptable overtime and premium freight costs**
- **Inventory turns doubled**
- **Strong future growth potential**
- **Happier employees**

The Challenge - A Perfect Storm

Following a period of significant sales growth and the development of its three-year Goal Deployment strategic plan in 2018, the Eminox leadership team felt the business needed to review and assess its internal processes and systems, ensuring they supported its current and future business needs.

As a result of growing climate change awareness and more stringent vehicle emissions legislation being introduced across the world, Eminox was seeing an increase in opportunities to manufacture vehicle parts and solutions to reduce emissions from heavy duty commercial vehicles, marine vessels and non-road mobile machines. This was particularly affecting sales growth in the Retrofit and OEM markets.

To take advantage of the huge opportunities presented by these developments, the business had some internal issues that needed addressing.

Mark Runciman, Managing Director, said, "It was a perfect storm, we had this huge opportunity for growth, but we didn't have the processes in place to support this. This led to poor performance which was an obstacle to winning new business and fulfilling orders on time. Delivery of goods (OTIF - On Time In Full) was below 50% and had been for much of the past year. Overdue orders were above £3.5 million and inventory levels were high, squeezing the business' cashflow. We did not have a clearly agreed understanding of manufacturing capacity, and costs such as staff overtime and premium freight were growing.

"Initially there was some reticence within the business to seeking outside expert help as some people felt we were not yet growing fast enough to justify the commitment and cost. However, it became clear to the management team that we should utilise the services of Oliver Wight to support our growth.

Instructing Oliver Wight was a strategic decision to support the future success of our business."



The Diagnosis

After a diagnostic assessment led by Dawn Dent, Partner at Oliver Wight was conducted in Q4 of 2018, Eminox was recommended to undertake Oliver Wight's Planning and Control program, and subsequently implement Integrated Business Planning.

Dawn Dent, Partner at Oliver Wight said, "Although the Goal Deployment initiative was a good strategic plan, Eminox was struggling to deploy it. Like many companies experiencing fast growth, the plan was not progressing because the business had outgrown its current demand and supply execution processes. Processes were manual and people at all levels of the organisation were firefighting daily to expedite orders

and keep customers happy. There were no process owners or appropriate Key Performance Indicators to drive improvement."




Dawn Dent
Partner at
Oliver Wight

Oliver Wight recommended that, as a first phase, Eminox should deploy the Oliver Wight Planning and Control methodology, to its Class A standard. This would stabilize and control the short term and release leaders' time to focus on deploying the strategic plan through Integrated Business Planning in phase two. The Planning & Control program would provide the Eminox team with the knowledge and capability to design and implement an integrated suite of product, demand, supply and financial control processes enabling the business to successfully manage the planning and execution of customer orders.

Oliver Wight worked with the following Eminox workstreams:

- Data management and KPIs
- Demand control
- Business governance
- Production, capacity planning and material planning
- Inventory management including inventory accuracy
- Shop floor execution
- Supplier management



The second phase would focus on the design and implementation of the EminoX Class A Integrated Business Planning process to drive strategy deployment and shape the business' performance over the medium to long-term.

Jayne Hemmingham, an experienced manager at EminoX who was appointed as the

Programme Manager, said, "Oliver Wight worked with us to identify the gaps we had in the business that were curtailing our potential. We so far had relied on tacit knowledge, such as our people, rather than clear processes or robustly documented controls. Our employees were stressed, as our customers were agitated that deliveries were not arriving as promised, and we were prioritising depending on who shouted the loudest!

"Oliver Wight worked with EminoX to move us towards becoming a much more process-focused organisation, allowing our people to be freed up to plan and anticipate business issues well in advance of them being a problem. For example, at the beginning of June 2021 a key OEM account wanted to pull demand forward from July to June and from August to July. This effectively increased demand over a six-week period by circa 45% and exceeded the demonstrated capacity of the production cell. EminoX Customer Support detected the unplanned demand early and validated it as being real. The team then used its short-term tactical planning processes to work with the customer, suppliers and logistics providers to commit to a supply plan that was agreed to by all parties."

Firefighting

Oliver Wight identified a common problem that many businesses have; Eminox was not using its Enterprise Resource Planning (ERP) system to its full potential resulting in product, demand, supply and financials being misaligned. Changing metrics meant different teams were using different data to direct their work, making coordination and prioritization of work a huge challenge.

Martin Catchpole, Head of Supply Chain explained, "The company was using ERP to manage its supply chain operations but when I joined Eminox no one used the software to collate and understand data. There was a general mistrust in the system and our staff didn't really understand what we were trying to achieve or a belief in the power of the possible. As an example, we were very poor on inventory accuracy. I would have one of my team spend most of a day looking for parts on the shop floor, because he believes they are there, and he has bought them but somewhere along the supply chain they had gone missing. The records of warehouse stock and real-life inventory were not aligned.

"The key change for me was the decision to start using the ERP system correctly. To do that we had to show that ERP was an effective way to manage product, demand and supply but the reason it hadn't traditionally worked was because the wrong data was being inputted.

"Eminox needed a team of active process owners to drive data accuracy without which teams were creating 'work arounds' and using their own spreadsheets and metrics. Once our team had worked with Oliver Wight to design and deploy our Planning and Control processes, we were trained on the system, we cleansed the data and we were able to create and use one set of accurate and up-to-date data for demand forecasting, financial and operations purposes. Our disciplined use of the system and integrity and quality of our data has been instrumental in our success."

Greg Kent, Head of Manufacturing agreed, "I had to firefight on the shop floor itself and was reporting on the hour to customers about where their products were.

"Two years on, it is a dramatically different story. Oliver Wight showed us that to effectively work, the data in the system had to be maintained at a high level of accuracy and integrity. We are now able to use correct incoming data to feed through to manufacturing, we can see resource levels clearly and have a stable schedule that everyone can adhere to. We have dramatically improved our customer delivery performance to over 95%. It has made my working day so much more enjoyable, and I have much happier employees."

Bringing Order to the Chaos

Martin Edwards, Operations Director, said, "Prior to working with Oliver Wight, customer satisfaction levels were low, and our suppliers were frustrated with our constant changes to orders and timeframes. There was a lot of chaos in the business which was particularly caused by our approach of just saying "yes" to all orders. We had no metrics to measure any outputs. OTIF was, at one point, running at 24% which was a long way from where it needed to be, and the order book was a constant tap and not balanced to capacity.

"We wanted these problems to end and internally we had unsuccessfully tried to address this. We are now using the ERP software properly and everything has a logical process in place. We also moved to a weekly governance cycle to manage the short-term horizon, and this has helped us to manage change whilst delivering customer orders and the business plan."

The Fly in the Ointment

The Covid-19 pandemic hit half-way through the program, meaning businesses including Eminox were suddenly hit with volatile demand, global supply chain issues and the challenges of homeworking for office staff whilst allowing manufacturing to continue safely. The business found that the work already done with Oliver Wight and the skills learnt put it in a strong place to weather these challenges.

Jayne Hemmingham said, "Despite the disruption to both our customers and Eminox we were still able to provide a high level of service to our clients going beyond what our competitors were providing. This was because the improved processes and plans enabled the business to carry on as usual. For instance, one of our most important clients told us that we were the only supplier not to let them down during Covid! This was a huge testimony to how much the business had improved in just two years.

"Because of lockdowns and dramatically reduced travel, many of our clients rapidly reduced their orders. We were able to quickly respond by restructuring forecasts and targeting different sectors. For instance, previously we focused on commercial vehicles, but we found a new market for our exhaust aftertreatment systems in the construction sector. We were able to do this because of the new systems in place that enabled us to embrace a wider portfolio, while also developing products more quickly thanks to shorter lead-times. This just would not have been possible a couple of years earlier.

"Another example was when we were hit by a major system breakdown in March 2022. Previously, this would have put the business into chaos and responding to it would have been done on the hoof. Instead, our new structure with clear policies, procedures, roles and responsibilities meant that the disruption caused was minimal. Orders continued to be despatched on time and the recovery was quicker as people immediately understood what needed to be done."



Happier Workforce

Oliver Wight found the staff at Eminox to be passionate and committed with a willingness to help each other. As part of their initial assessment Oliver Wight conducted a survey amongst the staff. Some examples of the comments were reflective of an organization firefighting to stay in control.

"A few years ago, our staff felt unheard", said Mark Runciman. "One employee said to me that 'we are planning to fail and prepare for failure.'"

Traditionally the senior leadership team had led using a 'command and control' culture and meetings had been largely tactical and short-term focused. Eminox wanted to change this.

Oliver Wight worked with both the leadership team and the 30 strong Planning and Control (P&C) program team to develop leadership styles, empowerment and accountability. The P&C team then went on to train and educate employees across Eminox.

Mark Runciman continued, "The training and the communication between Oliver Wight and our programme team, which then filtered down to every employee, ensured it was accessible and understandable for everyone. We link individual accountability with our Goal Deployment business plan, and this has helped improve individual purpose and autonomy, leadership and management.

"We always knew our business needed this sort of structure but there was a feeling that we could not do it ourselves. Dawn gave us a well-executed process but one that was very much tailored to our business. It is not a one size fits all approach. Around the framework that Oliver Wight gave us we were able to design our own processes and give employees a sense of ownership. Dawn really got under our skin so that she understood the business, our culture and most importantly the personalities and idiosyncrasies."

Benefits

Martin Catchpole said: "The huge benefits of the programme speak for themselves. Eminox has doubled revenue in just three years, with no extra staffing costs, and we are making better margins across all our product streams. Inventory control, which was a real issue for us at the beginning of this process, has been transformed.

"In addition, overdue orders are at zero and our inventory turnover, one of the hardest metrics to deliver against because of the complexity of accurate inventory control, has doubled. The benefits are being felt across our whole business from the customer service team and sales through to purchasing, manufacturing, planning and warehouse logistics."

Martin Edwards added, "Oliver Wight helped to change the culture of the whole workforce, driving candour and openness, ownership and accountability. We now have coordination across the business with system and data integrity driving ambitious but realistic growth plans.

"Perhaps one of the best signs of success is hearing what our customers say. We have had the most incredible feedback with several clients writing to thank us for 100% delivery performance. This has also been reflected in Eminox receiving several industry awards in the past two years. Our staff are extremely proud to be part of the Eminox team."

Class A

In 2022 Eminox achieved the globally recognized **Oliver Wight Class A Certification in Planning and Control**. The Oliver Wight Class A Standard for Business Excellence is applicable to all business sectors and encompasses all business processes including Strategic Planning, People Management, Integrated Business Planning, Portfolio, Demand, Supply Chain, Financial Management and Continuous Improvement.



Phase Two

Eminox is now focusing on the second phase of its business transformation and the implementation of a Class A Integrated Business Planning (IBP) process to further support sales growth and global expansion. In addition, Eminox is changing its "OTIF to promise" metric - to "OTIF to customer's request". This is a much more challenging metric, but Oliver Wight is confident that Eminox will successfully meet this challenge.

Dawn Dent, Partner at Oliver Wight said, "Achieving Class A Planning and Control has meant that Eminox is now in a very strong position ahead of the full implementation of IBP. Eminox has achieved this award as it is routinely delivering high levels of customer service whilst controlling costs and inventory.

"It is not always easy to implement new processes across a business and I have been particularly impressed with the steadfast commitment of the Senior Leadership Team to the P&C program. Jayne's leadership of the program has been exemplary and everyone's commitment to the new way of working is evident. As a result, Eminox has not only achieved but surpassed its targets set at the beginning of the process."

Mark Runciman concludes, "We knew we needed to demonstrate to our employees that we could manage growth and then with Oliver Wight, the cavalry arrived. Now with our highly capable people, processes and systems we are in an excellent position to reach our growth goals over the next few years. As part of this, we are broadening both our product and our international footprint and intend to apply Class A P&C across our international sites in India and Slovakia.

"P&C gave us the control and now IBP will enable us to look further ahead with clearer visibility as we enter new overseas markets and partnerships. IBP will enable us all, across every department and country where we operate, to speak a common language to ensure we continue to exceed expectations for our customers and staff alike."





About Oliver Wight

When you talk to Oliver Wight about improving your business, we'll assume you want results, not just better processes – things like increased revenues and margins and greater market share. If you have the ambition, it is possible to make improvements that truly transform the performance of your organization and create more fulfilling roles for the people within it. We believe this can only be delivered by your own people. So, unlike other consultancy firms, we transfer our knowledge to you; knowledge that comes from over 50 years of working with some of the world's best-known companies.

Oliver Wight has a long-standing reputation for innovation and we continually challenge the industry status quo, so you always get the latest in new thinking. Your Oliver Wight partners will use their real-world experience to ensure your people, business processes and technology are fully aligned and integrated right across your organization.

They will coach, guide and inspire your people to drive change throughout your organization, allowing you to create a culture of continuous improvement and innovation that simply becomes for you "the way we do things around here". It's a proven, sustainable approach that will deliver results straight to the bottom line.

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