

## Utilities Cost Reduction

### Client

Leading Kitchen / Bedroom Manufacturer

### Background and Challenge

Our client, a leading supplier of kitchen joinery products to the trade, had recognised a long standing concern, a concern common to most businesses. The utilities costs within its operations business were increasing year on year out of line with its output. In fact, utility costs had grown to £2.6m over the previous 2 years (06/07).

It was viewed by the management team that this was partly due to the fact that there was no real time visibility of its utilities costs relating to volume and they had no embedded processes to control them.

### Solution

Working alongside the management and operations teams, Spitfire Consultancy were requested to quantify and develop a system which monitored and communicated utilities performance against agreed business targets with the view to improving current performance.

The focus areas for this activity were to monitor and reduce the monthly volumes of waste disposal, skips, electricity, gas and oil using the key lean tools below:

- Visualisation
- Waste elimination

### Implementation

A central control room covering various business operational aspects of which utilities was just one, was introduced and the whole process visualised.

In order to get accurate information visualised and the improvements implemented across all of the client's 8 production factories, the following actions took place:

- Daily reporting via the Operations Managers, focusing on cost per unit against a set target relative to the volume planned
- Creation of a visual report for each utility to track and identify trends where evident
- Development of a 'follow up' method for any quality issues which negatively impacted on production output
- Introduction of a weekend engineering working system to minimise unnecessary works and to enable management visibility



**Spitfire**Consultancy  
Your Performance. Our Passion.

Kirkhill House, Broom Road East,  
Glasgow G77 5LL Scotland  
t: +44 (0)141 639 7561  
f: +44 (0)141 639 5537

[www.spitfireconsultancy.com](http://www.spitfireconsultancy.com)

Case Study - S044

## Results

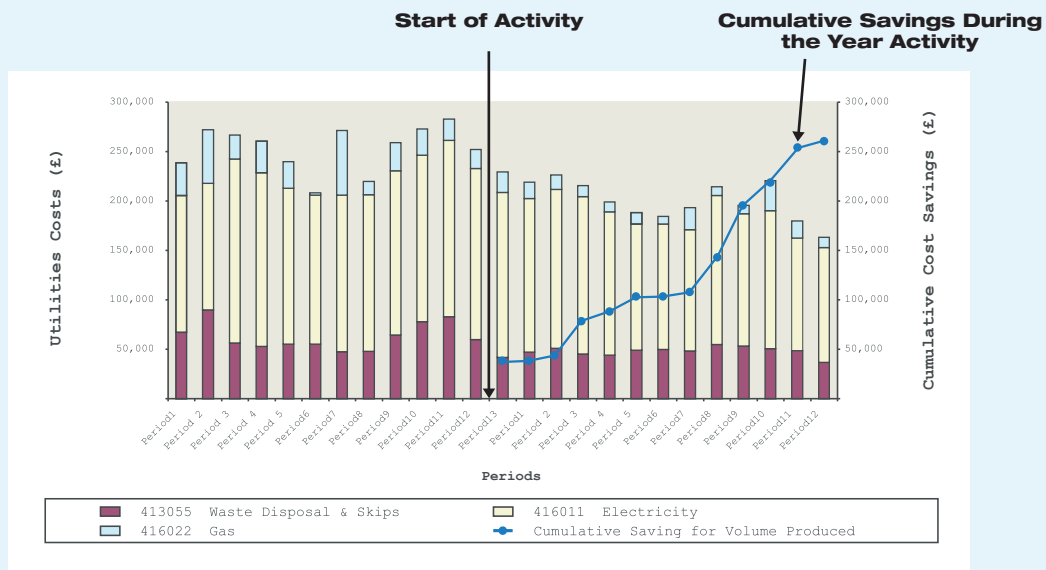
Over a period of 12 months since instigating the improvement activity, the utility performance improved significantly.

The main savings were achieved by turning off all unnecessary electrical equipment after production had stopped and following a controlled shut down over each weekend of non-production.

The results show a steady decrease in the total spend in line with the recoveries made from the volume produced. The last 3 periods show a significant reduction in total spend, to which the additional visibility provided by the central control room and straight time volume production contributed.

Total Saving for the year was: **£260,418**, a **10% reduction** in cost, for the volumes produced.

### Utilities Costs And Cumulative Savings During The Year



**Spitfire** Consultancy  
Your Performance. Our Passion.

Kirkhill House, Broom Road East,  
Glasgow G77 5LL Scotland  
t: +44 (0)141 639 7561  
f: +44 (0)141 639 5537

[www.spitfireconsultancy.com](http://www.spitfireconsultancy.com)