

A catalyst for change at Interfloor – how efficiency played its part

By Jon Brooks of Rutland Partners



Is the shop floor the new driver for value?

In 2004 the industrial consultants Newton were engaged by Interfloor, then owned by Rutland Partners, to improve productivity and to ensure stock availability for their customers. Embedding themselves in the organisation for the duration of the project, Newton provided a structured and challenging approach, a fresh perspective and the enthusiasm required to drive results onto the bottom line. Working closely with the shop floor, things which were previously regarded as constraints were analysed and understood, unlocking fresh potential. The greatest example was with line running speeds.

Steve Downey, Operations Manager at Interfloor explains. "We all believed that when

we turned up the speed we got problems. The suggestion that a 10% speed increase might be possible seemed fantasy. When we actually tried it, in some cases we managed more than 10% without any problems. In others we hit a problem but, viewing it no longer as a limit, used problem solving tools to tackle and solve it. On some of the lines over 35% increase in speed was achieved."

The programme resulted in an increase in output of 44%, a reduction of 36% in B Grade on the PU line at the Dumfries site and an increase in efficiency of 15% across the site at Haslingden. The result was a net increase of £1.6 million per annum on the bottom line. This took 8 months to feed into the P&L.

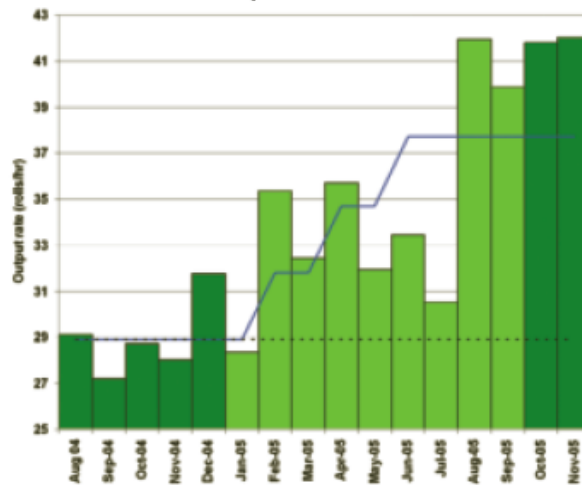
There is clearly real value to be recovered from the shop floor. The challenge is to drive the efficiency up early in investment so that the gains are in the P&L prior to exit.

In May 2002, Rutland Partners acquired Dumlax from Cinven and Gates Consumer and Industrial from Tomkins plc in a joint SBO-IBO to form Interfloor, Europe's leading manufacturer of underlays for carpets and laminated flooring. These two underlay businesses had been fierce competitors and in a tough retail market had seen declining performance.

There were many issues at Interfloor to contend with, not least the integration of two well known brand businesses with different organisational cultures as well as an operational restructuring and investment in merchandising, promotion and improved customer service to realise the complementary strengths of the combined business.

One major strategic objective was to extract operational efficiency from the various Interfloor plants which entailed the closure of two factories. Once the manufacturing footprint had been established, we brought in Newton, a firm of efficiency experts who had been highly recommended to us to maximise the value from this process (see box insert opposite).

Chart showing 44% increase in output at Dumfries



Newton Industrial Consultants work with manufacturing organisations to improve the efficiency of any process by 10%-50%, without capital expenditure, in 2-6 months

Following this process and the successful restructuring of the business, the changes contributed to a strong improvement in profitability and improved customer service. This was a significant factor when Rutland subsequently sold the business to EAC in

August 2005 for £84.1 million, more than double its original investment.

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