

# Click-On News

March 2009



In these difficult economic times, many are interested to know what everyone else is doing, who is moving ahead with what type projects, who is doing well, who isn't, and what are our competitors are up to. Here are our views on the situation:

- Capital investment projects have in the main been cancelled, or at best postponed. This ranges from systems investment capital equipment across many sectors, but US Parent companies are especially cautious.
- Cost reduction or process change to accommodate new business needs are on many agendas, provided they generate a and robust return on investment, ie deliver benefits within the current financial year.
- Given that capital isn't available, we are in a situation where clients are having to make the best of whatever is currently available, and the focus is mostly on cost reduction.

## Current Examples:



2009 budget for this multi-temperature food distributor was based on forecast volumes which are not happening. The drop in volume is causing a budget problem with fixed costs - our role is to re-align the cost base to deliver a positive net margin for 2009.

Against a successful cost reduction assignment in Q3 2008, now that savings have been realised and value demonstrated, this manufacturing and distribution company have invited us to address the next set of challenges in their transport situation. Again expectations are of a rapid return on investment.

A new ERP programme for Europe was cut in response to the downturn, but UK business is holding up. The operation changes that were to piggy back the new ERP environment still have to be addressed to meet demand. We have set out two categories of cost reduction and process improvement opportunities; for no-capital required; and for capital required. The no-capital required will be implemented in 2009 with benefits realised in the current budget year.

This fast food retailer is booming challenge is how to respond to the growth without taking on excess costs, and how to plan for "post-recession" when they want to ret new found markets. Strategic is including sustainability and the CSR are included in this review.

## Conclusion:

You can see that cost reduction is a common theme and no-one should be surprised by that. The key skills required to achieve are based around a sound knowledge of lean techniques, and the business know-how of where to look for savings and process opportunities.

Our **LEAN SUPPLY CHAIN THINKING WORKSHOPS** are a useful source of ideas, and a great opportunity to share experience learn from others. Our next workshop is Tuesday, 31st March. For more information and to book please visit [www.leansupplychain.co.uk](http://www.leansupplychain.co.uk)

Darwin's anniversary celebration just recently, reminded us all of "Survival of the Fittest". We recently came across a variation theme in the context of recession "Survival of those who can change and adapt". It is a new world but you can either be one or the other below.

"This isn't happening"



"Where's the next opportunity coming from?"

**Which one are you? We like Meerkats!**

Click-On Logistics Ltd are an open minded and flexible management consultancy who specialise in Logistics & Supply Chain Management. Our services cover strat  
formulation through to project implementation and the associated change management.



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