



## How Delos helped LAND use SIOP to ride through the recession and beyond

### The company

LAND Instruments Limited, based in Dronfield near Sheffield, has been trading for over a century. Originally it was in the silver plate trade business, but then in 1947 it was transformed by Tom Land into a hi-tech and innovative firm developing products for industrial temperature measurement.

In June 2006 LAND became part of the 'Process and Analytical Instruments Division' of AMETEK, Inc., a global supplier of high-end analytical instrumentation, with headquarters in Paoli, Pennsylvania, USA. AMETEK now has approximately 10,000 employees operating in over 30 countries, with a global turnover of \$2.1 billion.

LAND's specialties are the design and manufacture of infrared temperature measurement, process and thermal imaging, combustion efficiency and environmental emissions monitoring

equipment. They have a global reputation for high quality and flexible response to customer requirements.

### The challenge

Like many manufacturing organisations LAND suffered from a lack of cohesive and forward looking management processes and systems. They had implemented a system called SAP a few years previously.

However, they had never used it correctly. The consequences of this had seen underperformance in all key metrics, namely inventory, sales, customer service, manufacturing lead times and profit. The business was constantly fire-fighting with shortages of components, as they tried to manage demand for a complex range of configured instruments.

The business had also been recently acquired by AMETEK which imposed the combined

challenges of tough financial and business targets with a requirement of doubling net profit every five years through new markets, new products and services and operational excellence. LAND was unsure of their short, medium and long term demand until an order was received, and often the lead times expected by their customers were far less than the lead times offered by their supply chain. They also needed a process to ensure that all of their departments were joined up to ensure the successful introduction of new products

### How we met the challenge

In 2007, John Price, the managing director of LAND, who had previously worked with Richard Watkins from Delos Partnership, asked the company to assist LAND with the development of the company by facilitating a workshop for the Senior Team



On Vision and Strategy. This workshop with the senior team led to creation of “Vision 2010” which provided a three-year co-ordinated program of activity to guide and direct the company. This program included 45 strategic projects ranging from customer- focus initiatives to creating an agile and lean supply chain, right through to the new product introduction process and the way in which the company uses technology and develop their people.

James Burke, was appointed as Project Leader and went on to become Operations Director. He said ‘One of the main initiatives set out by Vision 2010 was the need for Sales, Inventory and Operations Planning (SIOP). LAND has a very complex business model with international sales, a huge product range constantly being developed, and all the usual issues of communication across a complex technologically based supply chain. We determined that we were a company that needed to deal with the many facets of these challenges and that SIOP would help create a more streamlined business model.

And after our initial meeting with Delos, we knew they could help us achieve this.



James Burke  
Operations Director

*“The tender was the most competitive, but the deciding factor was level of service excellence and the ongoing support and style with which they operate.”*

James went on to say: ‘95% of the employees had worked here for a very long time. The community at LAND is made up of Doctorates, Physicists, Engineers and other specialists. For the last 60 years the business had become quite stagnant and there was a grave danger

that the market was leaving us behind. Individuals felt bruised and battered by the takeover and the new pressures and change management was probably at its most difficult. The cultural aspects of bringing about change were probably as significant as bringing about the changes in systems and new ways of working. ‘Delos enabled the leadership team to see the potential because they had done it before with other companies, and gave many assurances that the process would work. Delos also helped the various implementation teams to make the right decisions through analyzing our policy choices and often playing devil’s advocate - they had seen the mistakes made by others and they were acutely aware of the benefits and pitfalls of the processes we were about to adopt. They were very knowledgeable yet focused; and they introduced an array of tools, concepts and frameworks to take the project from inception to adoption. They helped through monthly visits to review progress, together with an appropriate mix of internal and public workshops.’



*'The Delos team are enablers, but most importantly they shake the stigma attached to consultancy organizations in that they see it through to the end, no matter how difficult things get.'*

To make the new system work, LAND set up a project team led by Dave Chapman (former ops director) and, supported by James Burke and Pete Mitchell to oversee the development of the core process teams - market development, demand, supply, finance and senior team review. These teams then met on a regular basis to address key issues.

Richard Watkins from Delos Partnership said: 'A critical part of the process at key stages was to use a business simulation – i.e. Pilot – to enable all parties to see how the system would work. This helped develop the process and get buy-in to the ideas contained within the philosophy of SIOp. 'Another key part of the development was to get the process working as soon as

possible, so that the formal series of meetings would get established. Through this some of the key issues were addressed. One of the key difficulties that the business faces is that they have a product range which is made up of the configuration of a large number of options. In addition the business gets orders from across the world. To assist the sales and marketing teams in putting together a forecast, the project team built a system which consolidated the various elements of demand data and then enabled the sales and marketing directors to enter in an intelligent forecast at a family level, and then get the system to break this down into the detail.

'This model helped to get the visibility needed to drive the business with a better view of forward demand. This visibility was crucial to LAND's spectacular growth through 2008, and was essential through the recession of 2009. Steering the business through one agreed plan has been a hugely valuable instrument in plotting the company's way through survival.'

Delos helped both with the technical issues around this process, as well as facilitating its continued development during the respective task team meetings.

## The results

The implementation of SIOp has given LAND an immediate visibility of the sales plan and new product launch strategy; its impact on key metrics and an ability to align operational and financial resources.

It was through this that the leadership team was able to make the right decisions, not only for sales, but in areas that would benefit working capital, service and profit. This plan could then be reviewed and refined monthly in accordance with the changing business environment. It is through the SIOp process that LAND has been able to outperform its direct competitors in very difficult conditions.

Implemented on May 2008, results from July 2008 to June 2009 are as follows:

- Net inventory reduction of 12 %



- Customer service (on time in full delivery) improvement from 44% in 2007 to 96% in 2009.
- Production lead-time reduction in fast moving product categories from 35 working days to less than 10
- Total slow moving product categories lead time reduction from 87 days to 35 days
- New sales orders received exceed £ 200k each month through lead-time reduction
- Direct labour productivity improvement of 17.6%

*‘These improvements in lead times and in management of the inventory have allowed Land Instruments to survive through the recession.’*

James concludes: ‘The system is not yet perfect, but it never will be because the process and our environment are constantly evolving and so we have to evolve with them. We went live three months before the recession hit our

customer base, but by maintaining the disciplines and processes we had introduced, we managed to see the downturn coming. As such we took the difficult decision to restructure our business before the pinch came and based on our prediction of the future. In simple terms it afforded us agility.

‘The bottom line is that we have managed to decrease our net inventory significantly, we have doubled our on time in full promise service level, we have delivered 15 % productivity improvements and reduced our lead times by 50 %. We have stripped our order book down in order to maintain profitability and not only outperformed all other business units in our division, but we have taken the lead in many of our product categories against competitors who have had to either slash pricing or push through round after round of redundancies, which has created havoc for their employees and their customers

The best way to measure the success of SIOP is by measuring the success of your business, and I would say that in the current climate, which is

as tough as it gets, we have triumphed in comparison to most.’