



## Pegler Yorkshire implements Global IBP and saves £ 5m in stocks and increases service.

### The company

Pegler Yorkshire is well-known and respected as one of the leading manufacturers of advanced plumbing, heating and engineering products in the world. It's a reputation earned through a total dedication to quality, innovation and customer service that has been the hallmark of the company since it was established in the 1890's.

Now part of the Flow Control division of Aalberts Industries N.V, the company operates from a commercial Head Office in Doncaster and has four manufacturing sites at Leeds, Doncaster, Budapest and Jiangmen, giving the business the ultimate mix of manufacturing flexibility and employing over 1200 people. Developing export markets has been a key strategy for Pegler Yorkshire for over sixty years.

Today, the company supplies its 15,000 finished goods items

to customers in over 110 countries across the world.

### The challenge

In late 2009, Pegler Yorkshire realized that they needed to implement a process based on what they knew to be Sales and Operations Planning, to pull together a diverse business operating across many sites and many countries.



Roger Ablett –  
Supply Chain Director

Like many organisations that have gone through mergers and acquisitions, Pegler Yorkshire found itself in the position of having to review its business processes as Roger Ablett, Supply Chain Director

at the company explained.

“We wanted to obtain real co-ordination of activity across the business, as historically the manufacturing and commercial sides were focused on their own activities. This was starting to impact us particularly in the areas of co-ordination of new product development and launch and also visibility of project activity, where many parts of the business did not have the visibility of progress or recognise their importance. “We also needed to review our planning and forecasting systems so that we could improve our performance on customer service and reduce inventory levels.”

As Richard Watkins had previously been involved in implementing S&OP into the Doncaster site in 2001/2, Pegler Yorkshire approached him to provide education, consultancy and experience on both linked projects.



Pegler Yorkshire knew they needed detailed help in making the most of their existing systems – Mercia Lincs and MAX from Infor plc

## How Delos met the challenge

By 2010 the S&OP system implemented in Doncaster had fallen somewhat into disrepair,” explained Roger, “but we recognised the value it would bring to the rest of the business.

“So In January 2010, I attended a public workshop so I could understand the process more fully and recommend to the company the best way forward.

“We then met with the MD, and explained to him how the process might work, and he quickly and enthusiastically endorsed the project.

“Richard carried out an assessment of our current business processes and produced a realistic assessment and a clear way forward in a detailed report.”

The first stage of this journey involved a design workshop with the senior team and

managers as Richard outlined. “The aim of the workshop was to identify how the IBP design process would work. I was then able to formulate proposals that I could introduce at the design workshop, and we quickly got buy-in to a new way of working.”

This led to the setting up of a project team that would look after the implementation of S&OP across all the company’s locations.

*“Delos has a very clear methodology for a business to keep to,” said Roger. “Richard worked closely with me and the project team to ensure we were able to realise our objectives.”*

The project team then spent the next few weeks outlining their vision of the way that the new “Business Planning Process”, as Pegler Yorkshire named it, would work.

The next step was to operate the process in line with the Delos IBL process model, which meant having a linked series of meetings which tied

into the Pegler Yorkshire monthly executive meeting. Richard attended these meetings, providing feedback on how the process could be improved.

A key part of the overall project was ensuring that the new business model was rolled out across all the company’s sites in the UK, Hungary and China.

“This was further complicated by Pegler Yorkshire’s sales operation,” said Richard. “The company sells significant volumes of its products into overseas markets. So it was important that the right information on important issues like sales opportunities moved smoothly and quickly through the new system, into the formal forecast alongside the detailed forecasts for all other business areas.”

As part of the development of the process, Richard ran a Sales Forecasting workshop with the Sales team to ensure that they understood the importance of their role within the context of the whole process.

While this was underway, Richard began working closely with David Castle, Inventory



Manager at Pegler Yorkshire, reviewing the detailed planning and forecasting systems. “We were looking to achieve improved operational performance and consistency across the group,” said Richard.

“This involved us reviewing the current procedures and old systems, and putting together new ways of working based around the old systems. This let us get the business to agree an ideal way of working in preparation for a future ERP implementation while identifying an achievable way of working with the current ERP system.

We also looked in detail and proposed a plan for safety stock levels, ABC classification and service levels, and put forward proposals for differing levels of service in line with an ABC analysis. We also identified and helped the business to clarify responsibilities for the accuracy and bias of forecasts as a key way of tackling the need to reduce inventory.”

## The results

As Roger explained:

“We now have in place a formalised way of running the company that integrates the different sites into a single monthly planning process. This has enabled us to ‘join-up’ the business activities. From NPD and Projects, through to Sales and Operations - all parts of the process are generating information to influence our financial projections. The process now allows us to more effectively focus on the key issues that face us and empowers our management team to make decisions at the appropriate level based on the information provided.”

“We have a slimmed-down process with fewer meetings with fewer people involved and with a key focus delivering an agreed Demand Plan.

“The work on the planning and forecasting systems has also led to significant benefits. We have been able to consistently improve our levels of customer service across the board.

This has been achieved against the backdrop of reducing our

inventory by some £5 million over a year and realising savings in our administration costs.”

Throughout the project Richard provided invaluable guidance in our “journey”.

As Roger Ablett put it, “From the outset he made us understand exactly what would be needed from Pegler Yorkshire in terms of time and resources to ensure the project was a success. He also played a key role during the implementation. In a project of this scope you frequently have to change hearts and minds to achieve your goal.

We appreciate that this is an ongoing journey and although we have enjoyed significant benefits in the first 6 to 9 months following the total project delivery, we know it is not yet at the end and we expect further improvements to materialize as we continue the journey.

“The education, consultancy and experience that the Delos Partnership has brought to Pegler Yorkshire have really helped us to improve the company, and lay a great platform for the future.”