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Client Newsletter

April 2011

Welcome Note

Welcome to the first Rethink client newsletter for 2011. The purpose of this newsletter, which is published every two months, is to keep our valued clients informed about news at Rethink and provide useful insights encountered in recent projects.

Firstly, we are experiencing increased economic activity as seen by the renewed interest in our services over the last quarter.

The positive national statistics for retailers and new motor car purchases provide good indicators at this time—see references below.

We do not expect a return to boom times but are encouraged by increases in business confidence and encourage clients to focus on business efficiencies at this time.

With an extremely challenging business environment over the last two years it is notable that where clients approached problems holistically, their success rate was markedly better than if they dealt with problems in other ways.

In this regard Rethink applies its Total Performance Improvement (TPI) framework to solving business problems (see below brief description of TPI).

As a consultancy focussed on implementation, Rethink has always concentrated on operational effectiveness, quality, compliance and cost management as outcomes of the work we do.

Our success however has its foundation in the causal analysis phase and structured approach we follow in all projects.

Rethink has recently added a strategy facilitation alignment and implementation capability as an important offering to its clients. As a result of a merger in 2010 we welcome James Denton who brings a wealth of experience to the team.

As we rapidly move towards the second half of 2011, I wish all our clients continued growth through good strategic choices and operational excellence in implementation.

Please enjoy this short newsletter and we look forward to working with you, supporting your business in future.



References to our Increased Economic Activity

Bureau of Economic Research Press Release

11 March 2011

“Retailers are very optimistic about the outlook for the second quarter”

Business Report

9 March 2011

“While these sectors show improvement, the motor vehicle

sector has already staged a spectacular recovery.”

Standard Bank

“Total vehicle sales grew by 25.2% year-on-year in February—up from 18.6% in January.”

RMB

Growth is likely to moderate but still remain strong. Standard Bank predicted that, on the back of an

improved domestic economic outlook, car sales volumes would grow by between 10% and 12% this year.

However, the BCI (Business Confidence Index) showed a slight contraction in confidence in the retail sector “to a still high level of 58, against a trough of 35 in mid-2009”.



The Rethink Total Performance Improvement (TPI) Framework

In an article published by consultants Booz, Allen and Hamilton it was highlighted that up to 70% of Business Process Re-engineering (BPR) initiatives fail to provide sustained performance improvement. Our experiences at Rethink corroborate these findings.

Furthermore, we have identified the reason for this failure as being the narrow focus of improvement initiatives focused on process alone.

After more than fifteen years focusing on prior business improvement approaches, we have identified the following 4 requirements of sustained operational success:

1. **Efficient processes**
2. **Productive staff**
3. **Job requirements supported by organization structure.**

4. **Monitoring process performance.**

As a delivery-oriented consulting business, Rethink has developed the Total Improvement (TPI) Framework. This is a holistic approach to sustained Operational Performance Improvement. The Framework addresses the above 4 key requirements as follows:

Efficient processes—Process Improvement—this focuses on improving business processes to eliminate waste and raise efficiencies. Rethink uses tools & techniques from Lean, Sigma and BPM-based continuous improvement. System changes are also taken into account in this component of the approach.

Productive staff—Workforce Management—this delivers optimized & sustainable staff productivity levels by implementing focused capacity planning and production management.

Job requirements supported by organization structure—Organisational Alignment—this focuses on achieving the right structures and ensuring that the right staff (suited to the roles) are deployed in the various roles.

Monitoring process performance-Performance Monitoring—this focuses on implementing appropriate BI reporting to provide clear visibility of how an operation is performing in terms of cost, quality and service KPI's.





THE CLIENT'S CONCERN

“Can the current process support the anticipated increased volume of business and will the processing be cost effective?”

Case Study

In a recent intervention conducted over a period of 18 months, Rethink assisted a client in structuring their business to accommodate the ambitious growth targets set for the business. Like all projects, we applied the TPI framework, although at the outset, no-one anticipated the extent of the challenges facing the business.

CLIENT CONCERN

“Can the current processes support the anticipated increased volume of business and will the processing be cost effective?”

STEP 1

Document “As Is” processes. The result was glaring “quick win” opportunities, the need for processes to accommodate increased volumes and the automation of processes.

STEP 2

Collaboration with management to

identify and document “To Be” processes.

STEP 3

Develop the business case.

STEP 4

Write system-specifications to maximize system usage and automation of workflow.

STEP 5

Assist and manage testing of system changes.

STEP 6

Implement.

The following aspects were dealt with to assure operational effectiveness:

* **Workforce optimisation** through the confirmation of Key Performance indicators for each role.

* **Key metrics** to monitor performance and a Key Benefits tracking tool.

*** Organisational design.**

*** Staff skill set, aptitude and attitude**

The project continued by assisting the client in the implementation phase. This required an automation of the workflow processes through development of system specifications, interviewing software providers and supporting the client implementation.

Having read the short overview of the Rethink TPI process, one can easily identify that this project overview utilises all four facets of the TPI framework (see previous).

We invite you to view a more detailed outline of this project by going to http://www.rethink.co.za/pdf/Case_Study_01.pdf

Rethink supporting clients to bolster the bottom line through procurement optimization

Rethink has entered into a partnership with Kerkhoff Consulting—a German-based award-winning international specialised procurement consulting firm with offices in Europe, United Kingdom, South America, China, India, Japan and now South Africa.

The setting up of a South African office is in recognition of the dire need for strategic procurement skills in our country. Their consulting interventions are holistic and view procurement strategy as part of the current procurement status. The majority of Kerkhoff's consulting begins with a request to focus

on cost savings and the consequent profit increases. Like Rethink, Kerkhoff Consulting is an implementation consultancy where all analysis and report-writing is focused on the development of a business case and implementation plan.

Kerkhoff work frequently begins with a bench-marking exercise that allows an identification of the procurement performance improvement opportunity set. Kerkhoff then typically works with the client to implement the plan and transfer of skills.



Kerkhoff prides itself in being focused exclusively on procurement, sourcing and matters related to supply chain across all industries. The ability to extract knowledge from all industries and apply best fit to client procurement processes has proved extremely valuable over the years.

Please visit Kerkhoff's website at www.kerkhoff-consulting.com for greater insight into their business or contact **James Denton** directly in South Africa:

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Kerkhoff awarded the prestigious Best of Consulting Award 2010