Case Study 4

Dec. 3, 2003

1. Company: **Benson Ltd with 130000T€ sales/year, 150 employees: WCW 50, BCW 100**
Products: Metal products (housings etc) and metal components
2 shifts, 5 days a week
Organization: functional
Automatization: medium, in special process steps: high
Sales organization: direct sales with qualified sales men
R&D expenses: 5% of sales
Competition: strong competition from companies in low cost countries
competition on the domestic market
Market share : 30% domestic market, 5% European market

2. Improvement program:
The management of Benson Ltd has established a cost improvement program with the following plan of main points:
- **Restructuring of the existing organization**
- **Reduction of lead times of 3 important product groups by 30%**
- **Significant reduction of standard times (20%)**

3. Project team: Mr. Henderson, operations director, has established a project team with the following functions:
- **Team leader**
- **industrial engineering**
- **operations**
- **production control**
- **engineering**
- **cost accounting**

4. Start of the project: Dec 1, 2003
5. End of the project: Sept.30, 2004
6. Tasks of the project team:
- **Team chart**
- **Project plan**
- **Organization of production department**
  …alternatives, pros/ cons
- **Lead time reduction**
  …principles
  …proposals
- **Standard times reduction**
  …methods
  …reduction program
- **Potential improvements in work organization**