

CASE STUDY

New Operational Strategies Deliver Fixed Cost Reduction at European Paper Mills



Aim	Optimize management, maintenance and overall plant efficiency
Status	Analysis and 12-month pilot project completed and successful
Client	Leading European pulp and paper producer
T.A. Cook	Selected for overall operational strategy expertise

Background

The leading producer of pulp and paper was based in Europe but also had an international presence. They were hoping to implement cost-cutting measures to be increasingly competitive. Having already carried out cost reductions after the financial crisis, the producer looked for additional ways to optimize their fixed cost base.

The firm approached T.A. Cook to conduct an initial analysis on three mills in northern Europe and Germany.

Approach

After assessing the fixed costs, ways to reduce them by increasing operational effectiveness in production, maintenance and site services was identified.

The analysis concluded that operational adjustments through qualitative improvements of structure, core processes and management systems implementation would lead to a reduction of the fixed cost by 12-18%.

Additionally, insufficient performance management combined with poor scheduling of operations/activities hindered employee effectiveness. A lack of standard operating procedures and overstaffing led to slower production and increased costs. Non-

existent maintenance strategy, planning, root-cause analysis or reliability indicators rendered maintenance as ineffective. Lack of oversight of third parties and transparency issues exacerbated cost problems even further.

As a result, a program covering five work streams was created at the mill level, each with an implementation focus for each of them. Communication between mills was developed to ensure consistency and to share best practices.

Achievements

Through these efforts, the mills experienced between 20-30% in labor maintenance costs. Material consumption also was reduced between 5-10% and 7-15% of production line staff was reduced. In addition, 4-5% of purchasing expenditures was reduced. Best practices also gave each department a guideline for success, helping ensure long-term competitiveness.

Benefits

- Labor maintenance costs reduced 20-30%
- Material consumption reduced by 5-10%
- Production line staff reduced by 7-15%
- Purchasing expenditures reduced 4-5%

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