



Zambant 2007 Survey



Summary

£30 BILLION EXTRA PROFIT IN THE NEXT 3 YEARS FOR UK BUSINESSES

SURVEY OF UK BUSINESSES REVEALS ADDITIONAL PROFITS OF £30 BILLION COULD BE REALISED IN NEXT 3 YEARS.... THAT IS MORE THAN **£144 BILLION OVER THE NEXT 20 YEARS**

In its latest report John Mortimer of Zambant, the Hampshire Business Process Improvement experts, explains that companies in the UK are losing money because they don't involve their staff in the improvement of their business processes.

The implications of these sums of money are startling. Reduced costs and increased profit could have significant effects on everything from environmental protection to economic growth, including:

- Reduced cost of climate change initiatives
- A steady climb in the Gross National Product
- Increased international investment in U.K. companies
- New funding for healthcare and social welfare
- Reduce the impact of the pensions crisis

The survey was conducted with companies throughout the U.K. that employ at least 20 people -1126 companies responded. The survey's crucial question inquired as to whether companies involved employees in identifying and implementing operational improvements on an ongoing basis.

How did the companies respond? A resounding 71% answered "no" to the question.

This figure came as no surprise to the expert team at Zambant which reviewed the results of the survey. Companies that involve their employees on a regular basis in improving the operational performance of their business stand to save thousands of pounds per employee. A good case in point is BMW Manufacturing at Oxford, who produce the very successful Mini. Their savings amounted to over £3000 per employee in the first 3 years alone.

BMW's Monica Lampe (who now works in the international HR department in BMW Germany) says the benefits of the programme to the business are tangible. "Problems are now solved at ground-floor level and the number of ideas – and savings – we are generating is high." Since it began encouraging employees to contribute to the business and involving them in the processes, BMW Group Oxford Plant has implemented more than 8,000 ideas from staff members. Production targets were exceeded by more than 60 per cent and those changes have contributed to savings of more than £6.3m during the past 12 months. This is not bad for a workforce that three years ago was leaving its brain at the gate.⁽¹⁾

Dr. John Mortimer, Managing Director of Zambant, says. "That may not immediately seem like an incredible amount of money, but do the maths and you'll reconsider." He goes on to say "Let's be cautious in the numbers. In the UK there are 18.9 million people employed in organisations with 20 or more employees. If we conservatively say that savings of £2250 per employee are achievable in these organisations over the next 3 years multiply that by the 71% who do not involve their employees and you get a staggering £30 Billion. And don't forget these are ongoing savings with year on year benefits – that's more than £144 Billion over the next 20 years....."

John Mortimer goes on "if steps are taken to involve employees in identifying and implementing operational improvements on an ongoing basis the financial rewards can be enormous... It is an untapped source of profit which is going to waste. All that is needed is the knowledge or tools to access that resource."

The tools or techniques used by Zambant to help companies produce the savings have been used very successfully for many years in manufacturing and it is only relatively recently that the service sector and SMEs are waking up to the benefits.

Often businesses are unsure of where to start, how far to go and how to effect changes which will improve their business performance.

Trevor Matthews of Zambant says employers ask themselves "How can we improve service or increase productivity with less resource?" His response is "The first barrier to overcome is getting people to recognise the need for changeonce that has happened.....they [the employees] soon realise that each problem is an opportunity to improve".

From the experiences of Zambant it is evident that even small changes can have significant positive effects on performance.

What are the operational improvement methods that could achieve the above results? Steve Leach, Zambant's Director of Operations takes up the story. "During the 1970's and 80's UK manufacturing had to make significant changes to both its cost base and productivity in order to be competitive. We

have found that employee involvement in improving organizations operational efficiencies are having the same significant effects in both the U.K. service sector and Government.”

Trevor Matthews is a specialist in achieving operational improvements. He says”... I have worked in several areas of Local Government and with different District Councils up and down the UK and there is often a common problem to be resolved. How can we improve service with less resource? The first barrier to overcome is getting people to recognise the need for change by visualising their process problems in a systematic and objective way. This is always revealing and once people recognise and understand issues they soon realise that each problem is an opportunity to improve. It not only reduces operational hassles experienced by the staff but results in better value for money for the tax payer. Quite often processes have rarely been reviewed and are often very fragmented. In many cases significant improvements can be made with fairly small changes making Central Government targets relatively easy to achieve”.

Andy Hobson, author of *The Obvious Office*, explains further "We have been applying lean in the Financial Services sector for over 5 years and in every case performance, as measured by quality, delivery and cost, has improved by a minimum of 20% and often by over 50%"

When businesses seek ways of undertaking large-scale ‘change’, they are often confused, unsure or under excessive day to day pressure to formulate and implement the operational changes needed to realise such savings – especially if it involves employee involvement and calls for the elimination of waste in every process.

While most companies recognize that they have areas in need of improvement, few grasp just how much time and money wasteful practices consume. Or, as Mortimer states, “companies may be unsure of where to begin, or how far the changes must extend. Even a few changes, such as reducing inventory, eliminating unnecessary processing and enabling staff to offer and help implement their own suggestions can have significant short- and long-term effects - productivity and morale improve when employees have a say in shaping and implementing the company vision.”

Several leading companies, Toyota and Fujitsu being the most well known attribute their success to enterprise-wide overhauls and in particular involving their employees.

These results are nothing short of impressive. Nevertheless, such huge savings won’t happen overnight. Interested companies will have to invest energy, money and commitment if they want to secure greater profit and commitment from their employees.

So how do companies tap into this potential?

Mortimer explains

“You should think very seriously before implementing ‘big bang’ Company re-engineering. Sometimes companies do have to undertake large wholesale changes but these can be much more effective and have a greater chance of success when they are complimented by many additional small changes.....”

Big changes mean big risks

The secret is SMALL IMPROVEMENTS which have a SMALL RISK, which, added together, have big effects on profits.

Hayai Kaizen is one way of making small effective improvements. It is a simple but powerful technique which inspires your employees to offer new improvement ideas on a continuous basis. It allows them to make their jobs easier, reduce costs, improve quality and helps you satisfy the customer by reducing the time you take to deliver services or products to your customers.

Hayai Kaizen is very different from a traditional suggestion scheme. These often require someone else to implement the idea and may be supported by some monetary reward. You may well have come across the monster amount of administration and resentment that these schemes can harbor.

Instead, we are talking about a technique which involves EVERY employee in releasing their creative potential and becoming responsible for the success of your company by eliminating waste.

What would be the impact of hundreds or even thousands of improvement ideas on your productivity, quality, costs, safety, customer service and profitability?

Try this experiment..... get a pile of post-it notes or pieces of paper and a small group of employees together and then ask them “If this was your company, what would you change to make things easier, better, the work more interesting or improve your work environment?”

Get them to write their ideas down on the post-its and stick them up so they can all see them and be prepared to be stunned at the ideas forthcoming....

Once you start asking for ideas from your employees, you will need to give them support and training to implement their ideas. They will also need further encouragement to come up with more ideas. You will be amazed at the benefits.

It’s a fact of life that Managers rarely know more than 10% of the problems in their company and Directors even less but the people doing the work know 100% of the problems.....”

REGION	3 YEAR SAVINGS
NORTH EAST	1,181,122,843
NORTH WEST	3,403,877,243
YORKSHIRE & HUMBER	2,555,731,113
EAST MIDLANDS	2,110,976,158
WEST MIDLANDS	2,776,895,287
EAST	2,643,757,764
LONDON	4,720,015,442
SOUTH EAST	4,080,548,896
SOUTH WEST	2,350,129,804
WALES	1,218,542,316
SCOTLAND	2,556,751,488
NORTHERN IRELAND	588,404,915
All UK	30,186,753,269

Further data and analysis is available by Industry and Geographic Region.

For access to this data or for questions on the report

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