

Orla Duffy

Competitiveness Department- 10/11/11

Innovation
Ireland



Agenda

- **Enterprise Ireland-Role and Functions**
- **What is LEAN**
- **EI Lean Business Offer Overview**
- **Impacts and Benefits**
- **Case Study examples- Sample Results**
- **Company Health Check (Benchmark Offer)**



An Roinn Post, Fiontar agus Nuálaíochta
Department of Jobs, Enterprise and Innovation



Irish owned enterprise

**Policy analysis
and advice**

Inward Investment

Enterprise Ireland partners with entrepreneurs, Irish businesses, and the research and investment communities to develop Ireland's international trade, innovation, leadership and competitiveness

The ultimate objective is increased exports, employment and prosperity in Ireland.

High Potential Start-up's

Entrepreneurs
starting
companies with
an ability to
compete in
world markets

Scaling

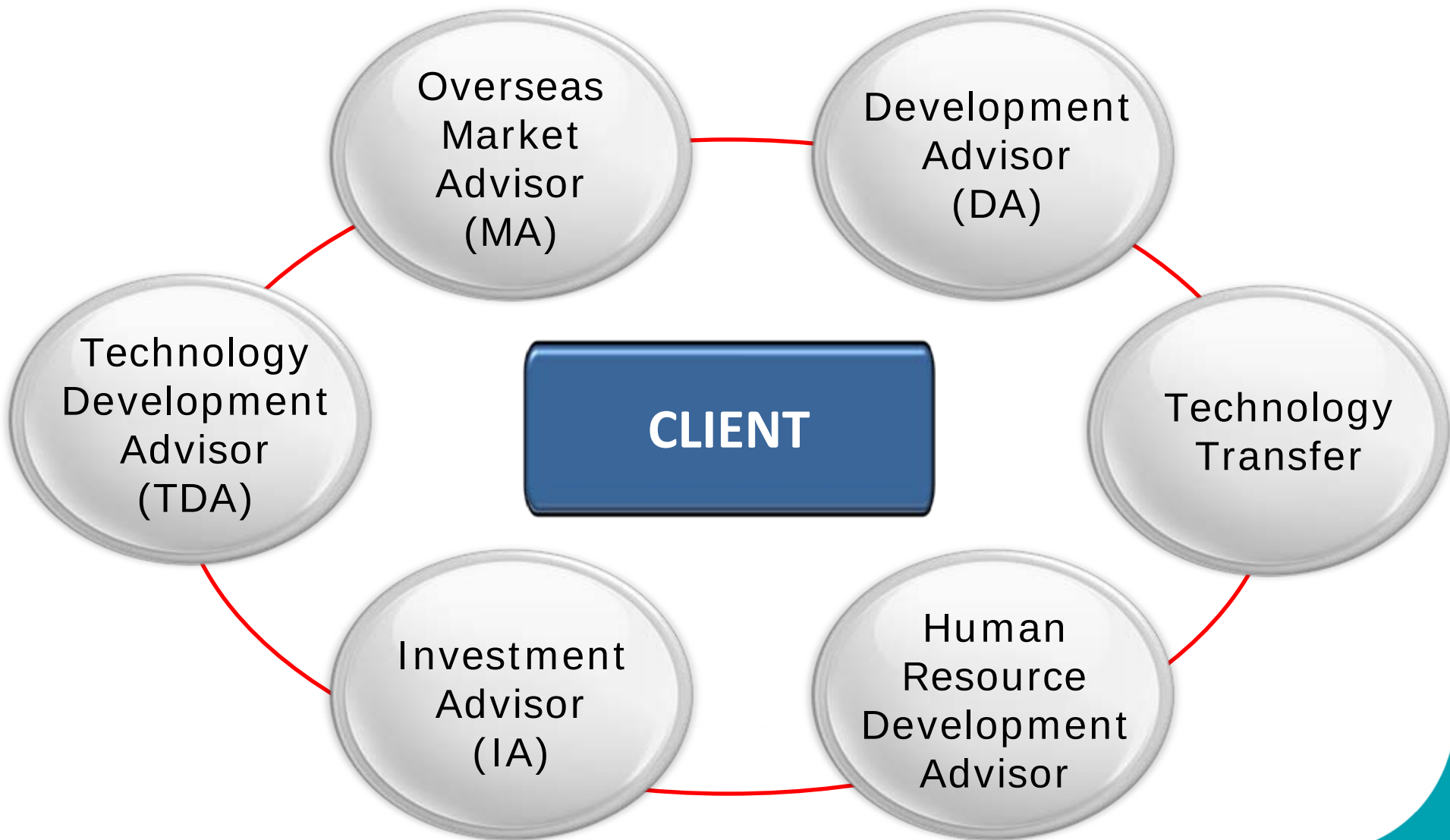
Ambitious co's
with the ability
to scale &
achieve
significant
success

Established SME's

Manufacturing &
Internationally
Traded services
companies
employing
ten or more

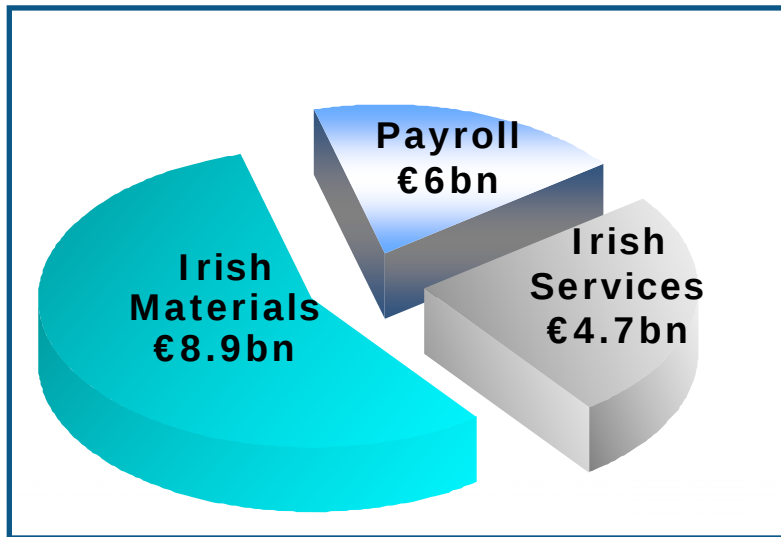
Multinationals

Irish-based
food and natural
resource companies
that are overseas
owned or
controlled



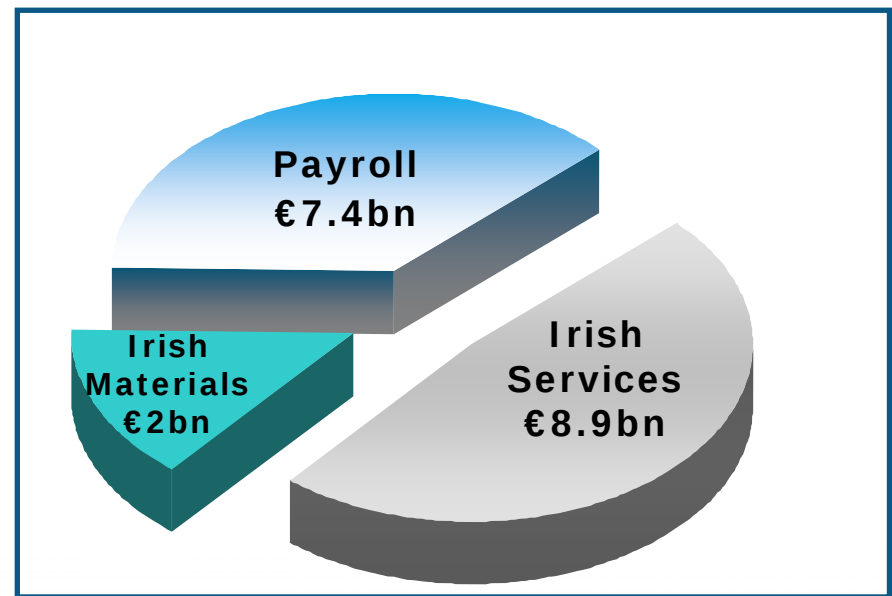
Enterprise Ireland Companies

No of companies = 3,500
Employment = 133,523
Spend in economy = €19.6bn



IDA Companies

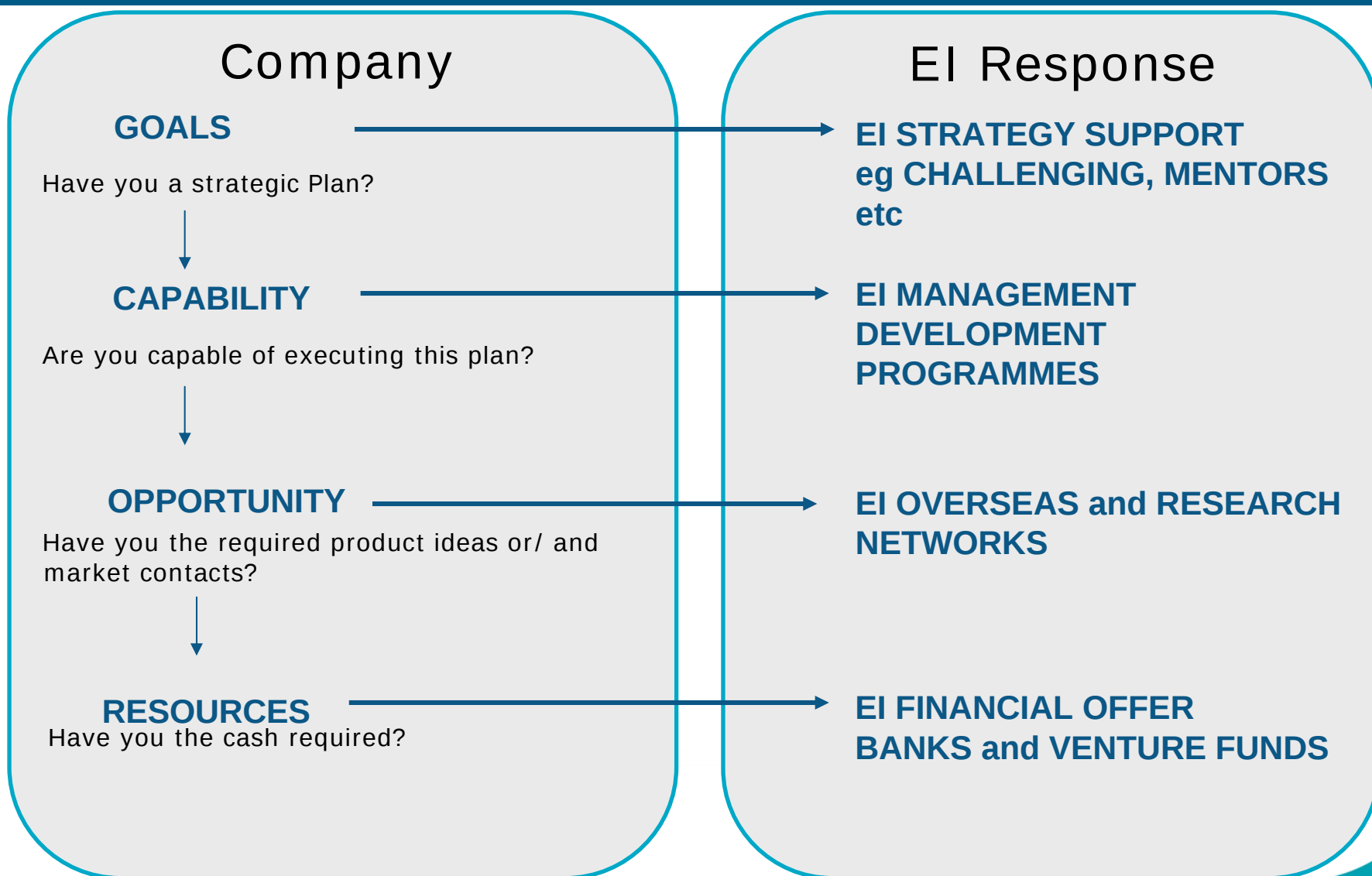
No of companies = 1,000
Employment = 138,530
Spend in economy = €18.3bn



Source: Total Spend in the economy – 2009 ABSEI, Employment – 2009 Forfás Employment Survey

Development areas with EI clients





Start-Ups

Innovation

Productivity

Expansion

R&D FUND

To develop products,
processes and services.



- Increasing R&D activity in companies undertaking projects leading to new or improved products, process or services
- Increasing the number of companies doing R&D for the *first time*.

- Increasing the number and quality of *collaborative* research programmes
- Support may be made available as a grant of up to €650,000 at *25% to 45% grant rate*.

Key Priority Going Forward

Unrelenting Focus on Export Growth leading to Jobs Growth in Ireland

Underpinned by

- **Innovation in Business:** Leveraging our research infrastructure and continued promotion of, and investment in Innovation in Business.
- **Cost Improvement:** Signing clients up to constant and more intensive focus on cost improvement to get further uplift in competitiveness.
- **Raising Management Capability:** Heightening client ambition for growth and raising management capability to make it happen.
- **High Potential Start Up Business:** Driving significant uplift in the number and quality of High Potential Start Up Businesses.

Lean Business Offer



Lean Start – *Focus on Value*



Lean Plus – *Performance Improvement*



Lean Transform – *Business Transformation*



LeanStart

Companies will be eligible to receive support for a maximum of Seven consultancy days. Maximum funding is €5,000 at 80% grant rate.

LeanPlus

Assignments typically to be completed within six months. Maximum funding is €35,000 at 50% grant rate.

LeanTransform

Companies with significant operations that can demonstrate that they have existing capability and resources to implement a lean programme of scale. Assignments will typically run for at least one year and is preceded by a scoping exercise.

What is LEAN?

- Shorthand for best practice within a sector
- LEAN concept based on the Toyota Production System
- Set of tools/methodologies used to eliminate waste
- LEAN represents the relentless pursuit of efficiency and effectiveness
- LEAN works across all business sectors/functions
- It's about doing things Quicker Better Cheaper

Lean Business Offer Overview

- Objective is to encourage clients to adopt lean business principles in their organisation to increase competitiveness.
- Based on 3 levels of intensity of interaction with clients:
 - **LeanStart:** focus on value
 - **LeanPlus:** performance improvement
 - **LeanTransform:** business transformation
- Delivered by external consultants, methodology set out by EI
- Support funding from EI

Key features of the LBO

- **LeanStart**
 - introduce lean principles / agile processes
 - complete a specific cost reduction project.
 - 7 days consultancy, extending over typically 8 -12 weeks.
- **LeanPlus**
 - medium-scale business process improvement project
 - sustained use by the company of Lean techniques and related methodologies
 - significant measurable gains in company capabilities and competitiveness.
 - typically be not less than 6 months duration.
- **LeanTransform**
 - extensive, holistic company transformation programme
 - embed the culture and competences necessary for sustainable competitiveness gains
 - across the business and its supply chain.
 - assignments will typically extend for at least 1 year.

SUMMARY OF LEAN BUSINESS OFFER

	Eligible cost elements	Client costs	EI grant
Lean-Start	'Lean' consultancy fees at €900 per day	€6300	€5000
Lean-Plus	'Lean' (& specialist) training fees Cost of company 'lean project champion'. Up to 50% of the total project cost	Up to €70K	Up to 50%
Lean Transform	Training fees training costs company staff costs and other costs as may be approved by EI	Typically over €100 k	As set by EI. < 50%

LEANSTART - Sample Results

- **Packaging:** 16% reduction of packaging line cycle time
- **Pet-food products:** 14% cost reduction per unit
- **Recycling:** Sort line throughput up by 600%
- **Insulation products:** Reduction of the build time from 5 days to 0.8 of a day
- **Packaging:** Net margin increased from 5% to 15%
- **Engineering:** Labour productivity on fabrication line increased by 35%
- **Food additives:** 17.5% reduction in Labour costs
- **Engineering:** 20% Gross profit from current average of 9%

LEANPLUS- Sample Results

- **Pet Food Products:** Overall annual savings of **€160,000**
- **Recycling:** **30 %** increase in sales year on year
- **Extrusion Products:** **€1.5M** annual savings
- **Food Products:** **40 %** increase in output
- **Engineering:** **80 %** increase in sales

LeanTransform- Sample Results

- **Food** – Over €10million savings made
- **Food** - “Game Changing” result
- **Medical** – 38% improvement on EBITDA

Food Harvest 2020 Milestones for Success

- **Strategic plan commissioned by the DFF**
- **Food exporting companies**
- **Cpys who completed LS/LP demonstrated annualised cost savings of up to 9 %**
- **LT cpys have achieved avg. initial savings of 5.85 %**

LEAN WORKS Case Study- Food

- **Sector:** Food- Pet treats/dental chews
- **Project Description:** Cost reduction programme in packing. Value streams/problem areas defined.
- **Measurable Success:** 4% increase in output per direct employee
2.5% reduction in direct labour costs.
Labour costs as % of sales went from 23.5%-20%
Lead time reduced from 8-6 wks

LEAN WORKS

Case Study- Cleantech

- **Sector:** Water treatment
- **Project Description:** Re-organisation of production area/ 5S/Value Streams/Planning schedules
- **Measurable Success:** Capacity increase **150 %** (2 -5 per wk)
New layout allowed for **15 %** more capacity
4 week lead time for all products achievable

Company Health Check

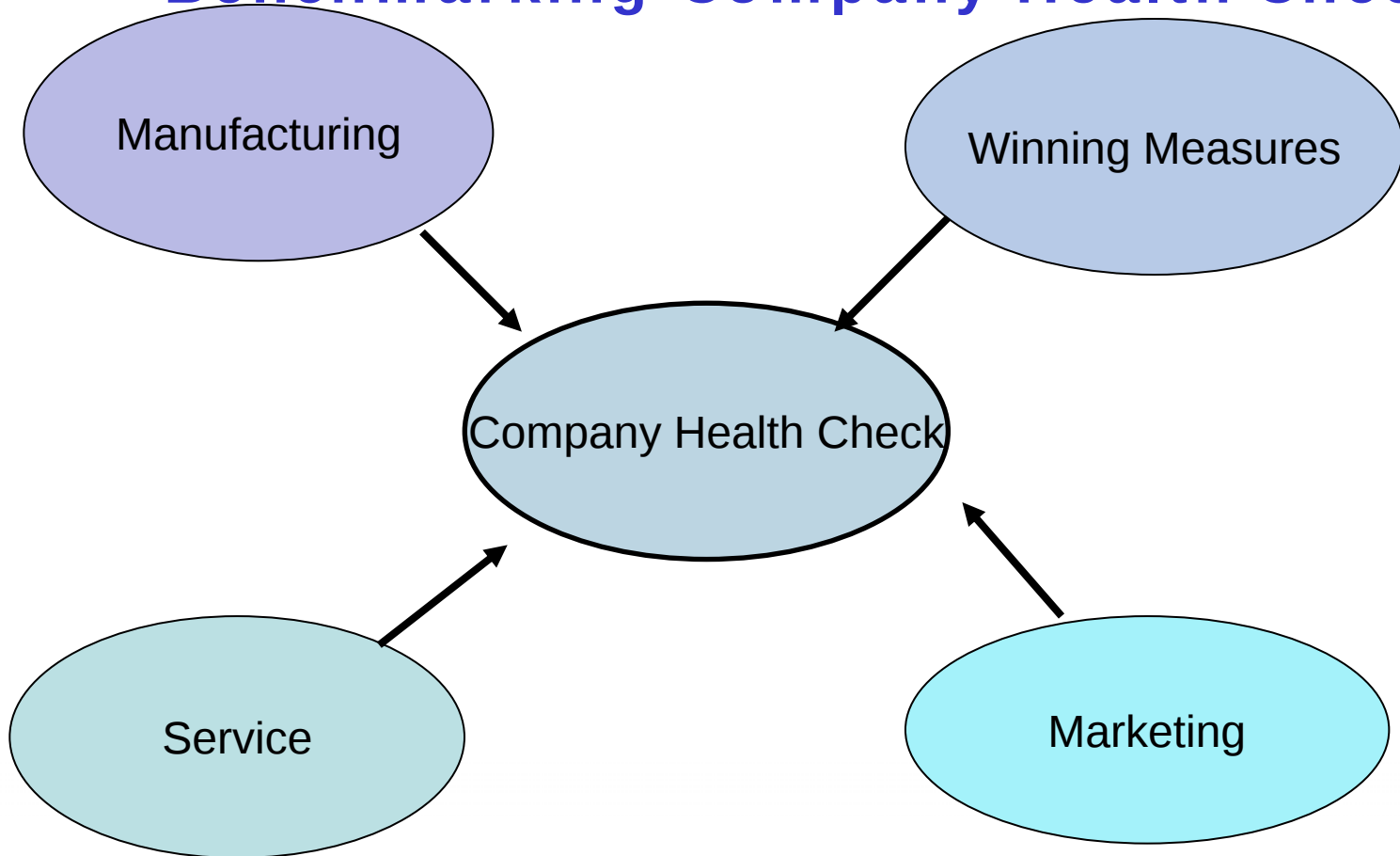
What is it?

- A method to establish your company's competitive position
- A strategic review of strengths & weaknesses
- Comparison of
 - business methods & outcomes (practice & performance)
 - in a continuous & systematic process
 - against an international SME database's

Why Do It?

- Want to improve performance
- To take stock
- Need to be more competitive & want to improve your competitive position
- Strategic review

Benchmarking-Company Health Check



What Do You Get?

- Objective feedback on company position
- Comparison against your peers / sector /industry norms via international database's
- Learn what can be achieved
- Company strengths & weaknesses identified

Company Health Check

The Process Will.....

- Support decision making based on facts
- Help prioritise opportunities for improvement
- Aims for superiority & not just parity with the competition

LEAN Business and Benchmarking Offers – Summary Diagnosis + Medicine

- **LEAN BUSINESS** - Encouraging clients to adopt Lean principles to increase competitiveness.
- Lean philosophy focuses on identifying/eliminating waste in production of goods and services
- Delivered by external consultants
- Support funding from EI- Contact lean@enterprise-ireland.com
- **BENCHMARKING** -Company health check service available, objectively benchmarking company competitiveness against international databases- Contact Jan.Gallagher@enterprise-ireland.com

Thank you