

CASE STUDY 1

Title – Cost Margin Transformation

Rolls-Royce Company and Organisation Overview: Rolls-Royce's vision is to create better power for a changing world via two main business segments, Aerospace and Land & Sea. These business segments address markets with two strong technology platforms, gas turbines and reciprocating engines. Aerospace comprises Civil Aerospace and Defence Aerospace. Land & Sea comprises Marine, Nuclear and Power Systems. Rolls-Royce has customers in more than 120 countries, comprising more than 380 airlines and leasing customers, 160 armed forces, 4,000 marine customers including 70 navies, and more than 5,000 power and nuclear customers. Rolls-Royce employs over 54,000 people in more than 50 countries. Over 15,500 of these are engineers.

Rolls-Royce Marine Business Overview Rolls-Royce Marine is a leading provider of ship designs, power and propulsion systems, equipment and through life support services to the marine industry. With 7,000 people in 35 countries, the marine business of Rolls-Royce provides products and services to over 4,000 customers worldwide, including 70 navies and has equipment in service on more than 30,000 vessels. Rolls-Royce Marine globalised manufacturing footprint includes 26 production centres in 12 countries, with much of manufacturing taking place in Norway, Sweden and Finland. Our reputation has been built on our engineering credentials. Today, it is also about the way we behave, the services we provide and how we deliver on our promises. We have a strong culture that is benefiting from new people joining us all over the world. As we grow, it's important to recognize what unifies us culturally and what differentiates us from our competition; in essence, brand.

Challenge:

Rolls-Royce Commercial Marine does not have a consistent and industrialised method across all sites and product centres, of identifying products in a way that can be used to understand their costs and margins. As a result the business finds it very time consuming to gather the information required at a product level to drive decision making in critical areas such as;

- Product Portfolio
- Sales Configuration
- Representative SORB Items

Currently when the business make and sell products and systems the business use pre-defined project templates on Baan to define the project structure and how costs will be booked to the project. Within the structure there is a level that is used to define the product, however in truth this is actually more like a Product Range rather than a specific Product model.

Rolls-Royce was having issue related to end item cost and subsequent margins related to the end items when sold. The profit margins were never consistent even when the costs remained same.

Rolls-Royce team identified shrinking margins and decided to investigate root cause of the problem. nicheBees was made part of this investigation and worked closely with Rolls-Royce team on this assignment.

Solution Proposed:

Looking into cost leakages set within the system. Example: Identifying various cost getting added to the production cost. Tracking overhead costs related to items/warehouse etc.

Checking data consistency across applications used for production.

Business benefits:



consistent Sales margins across



improved traceability of master data managements



Improved data consistency across applications



Tracking of cost leakages