

**CASE STUDY****Getrag  
Prepares  
for Rapid  
Growth****Tier 1 Transmission Producer Streamlines Administrative Processes  
to Support Future Business Growth****Client**

Global manufacturer of transmissions for passenger cars, light commercial vehicles and agricultural machinery at 23 development centers and production sites.

**Challenge**

Expecting growth of 50% or more, Getrag wanted to leverage that growth by improving administrative processes.

**Solution**

Finance pilot projects: month-end closing, reporting and forecasting, and cost studies supporting RFQs. Develop current state and future KPIs, implement standard schedules for close and forecast, and set-up boards to monitor KPIs and countermeasures.

**Results**

A quicker completion of the monthly financial close (from 10 days to 4.5 days) and forecast processes have enabled managers to respond much faster when performance isn't in line with expectations. Faster cost studies reduced response time to customer RFQs.

Anticipating 50 percent growth through 2016, the leadership team at German transmission manufacturer Getrag saw an opportunity to maximize future profitability by streamlining administrative processes.

"Executives received requests from support departments to add people because of the expected growth," recalls Marc Turpin, Client Manager at TBM Consulting Group. "They had estimated a significant increase in administrative functions to support the 50 percent sales growth. In order to better leverage the bottom-line impact of the sales growth, management decided to improve their processes and better utilize the resources they had."

More and more large, global manufacturers are recognizing the opportunity to reduce costs through streamlining of support processes. Business leaders have seen how removing non-value-added activity in production improves margins, and recognize that the same dynamic applies to other business functions outside of production.

This case study reports on the specific improvements made in three pilot areas. The process improvement work continues to move forward in other support services at Getrag, which will capture additional opportunities for improvement uncovered during process mapping and future-state planning.

**Familiar Improvement Tools, New Processes**

Getrag has had a number of years experience in lean manufacturing techniques and began working with TBM in its production areas in 2011. In 2012, in order to keep a lid on administrative costs, the board decided to apply the same approach to support services. When TBM's work with the company began there was little culture of continuous improvement in the administrative functions, which work in parallel to support the two European business units. Company leaders wanted to establish consistent processes and outputs in both areas with the option of merging organizations as systems and other constraints would allow.

The objectives and tools used to improve administrative and production areas—eliminating all forms of waste, engaging the innovativeness of people most familiar with the processes, and emphasizing creativity above capital—are basically the same. But changing culture in administrative functions, Turpin has found, requires significantly more effort to involve and engage people than on the plant floor.

“The sooner the management group has information about what happened in the closing month, the sooner they can respond to opportunities and issues.”

— Marc Turpin,  
TBM Client Manager

“On the production floor, labor tends to be more interchangeable,” he says. “The only reason administrative functions exist is to do specific types of work. Every improvement or change touches somebody’s job and could even result in those activities being eliminated. Still, in such a growth environment, it’s possible to both eliminate a substantial amount of effort and still find a place in other areas for people who might be displaced.”

At Getrag the administrative improvements started with pilot projects focused on three processes under the purview of the finance department:

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## 1. FINANCIAL CLOSE

The first finance process that TBM helped Getrag address was the monthly financial close. After reviewing the current steps, and identifying both non-value-added activities and waiting time, a cross-functional improvement team reduced the month-end close process from 10 days to 4.5 days. As part of this effort the team established process KPIs to monitor everything from throughput time to the number of active accounts in the general ledger. Many of these KPIs are driving additional improvements and corrective actions that will further improve the monthly close process over time.

They also identified opportunities to reduce the flow of incoming paper invoices to the accounts payable function by 50 percent. The department’s ultimate goal is to have one-third of the company’s suppliers on electronic transactions and set up an entirely automated self-invoicing-and-billing system.

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## 2. MONTHLY FORECAST

In the past forecasting required 11 to 12 days of preparation plus at least three days of review (15 total). The forecast process improvement team recommended a two-stage process for monthly forecasting that replaces the existing multistage, multi-function process. The new process will require five days or less of preparation and two days of review (seven total). In total they removed 200 hours from the monthly forecast process, freeing up controller resources to work on other projects.

By eliminating some redundant monthly analysis, members of the finance department will be able to start the forecast process two days earlier and complete it sooner. Earlier forecasts will enable business leaders to introduce countermeasures sooner and make adjustments if the forecast fails to meet expectations.

“Significantly reducing the forecast time is always important,” TBM’s Marc Turpin says. “Finance is the language of business, so the sooner the management group has information about what happened in the closing month and what’s going on in the forecast, the sooner they can respond to any problems or opportunities.”

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## 3. COST STUDIES

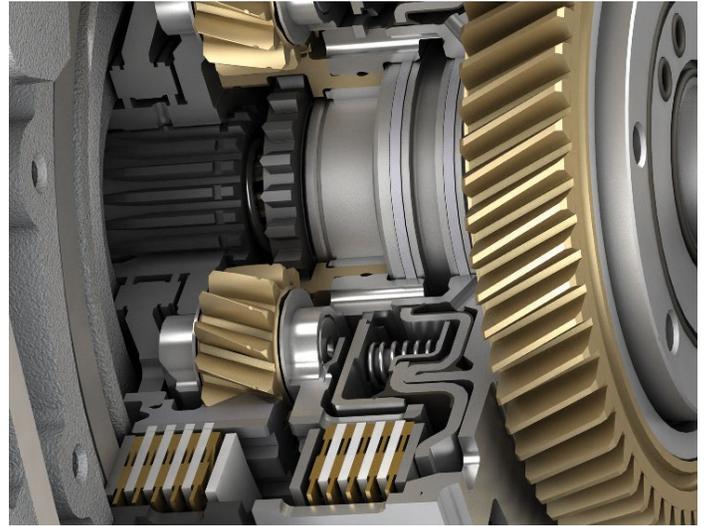
The finance department prepares product cost estimates for multiple purposes, including responses to customer RFQs. By analyzing existing projects, the improvement team developed quality standards for information inputs, ensuring that accurate and pertinent information was available at the start of the process. The team reduced process variability by clearly defining expected outputs for different categories of cost studies. They also developed a standard process for project review and approval.

“Reducing response time to a customer RFQ offers a clear competitive advantage,” Turpin says. “Long lead times tell potential customers that a company doesn’t have its processes under control.”

## Ramping Up Process Improvement

For any major change initiative, Turpin notes that it's essential to have "some type of burning platform" to help motivate people and encourage those who are open to change. "You have to go in there—as we did at Getrag—with some sort of impetus that things need to change, and identify the people who are 'raring to go' and get them involved in the initial tasks."

Finally, as with lean efforts in production areas, significant results can be achieved quickly by encouraging creativity and trying new approaches as they arise. "Seeing is believing," Turpin adds. "We tell them: 'Let's give this a shot and see what happens. If it works, everyone is better off; if not, we'll try something else until we get it right.'"



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