

Case Study

Global Pumps/Compressor Manufacturer

Aftermarket Operations Transformation

KPI Scorecard Development, Global Standardization, and
Establishment of Review Cadence



Establishment of KPI scorecards, global standardization, and review cadence of \$700M Aftermarket business

Case Study Situation Summary

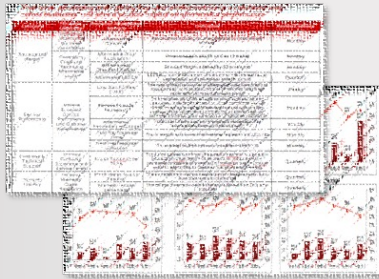
Industry	Industrial Pump/Compressor	Aftermarket Revenue (All 7 Divisions)	~XXXM
Business Description	Aftermarket parts, Service and Remanufacturing operations	Location	North America, Europe, Asia
Ownership	Private Equity	Length of Project	5 Months
Type of Project	Operations improvement focusing on establishing aftermarket KPI		

Challenges

- Client's Aftermarket business (20XX Pro Forma revenue = \$XXXM) was identified as a high-growth driver after acquisition by a private equity firm
 - Client's organization has seven divisions across the globe and each division has its stand-alone Aftermarket business; there were no standard metrics across the organization to monitor the health of the business
 - Client's Aftermarket organization also did not have periodic reviews that can support on-going metric refinement, monitor business performance, and define accelerated growth plan
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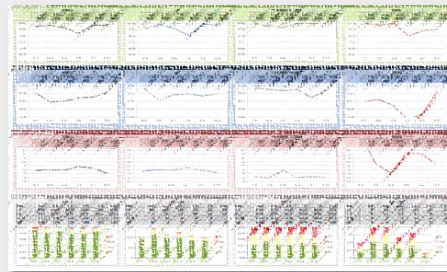
A phased approach was structured to establish KPI and monthly review cadence

Phase 1: Define/Measure



- Leveraged industry best practice to prioritize a set of 10+ KPI (parts availability, on-time-shipping, backlog, etc.)
- Rolled out pilot scorecard in a \$XoM aftermarket division (30% revenue) for initial review
- Established initial IT requirements (SAP Query) for a sustainable process

Phase 2: Expand/Refine/Standardize



- Collaborated with P&L leaders for the remaining six divisions to understand commonalities and differences based on the pilot: some business units prioritized on locations and plants while others emphasized on product and customer groups
- Identify extended Aftermarket organization to support roadmaps of refining KPI scorecards

Phase 3: Transition and Sustain



- Developed a sustainable automated excel template that extract data from standard SAP Query
- Trained client team to own the KPI reporting and meeting planning process for future business reviews

Results Summary

10+ Aftermarket KPIs were rolled out across all 7 of client's divisions and each division was able to take ownership of the process after 5 months

KPI	DESCRIPTION
Financial Metrics	Revenue, Standard Margin
Parts Availability at Time of Order	% of Lines Ordered
On-Time-Shipping (Against Promise)	% of Lines Shipped
Order-to-Ship Days	Days (Speed to serve customers)
Backorders	# of Lines Backordered
Finished Goods Inventories	Aftermarket Inventory Values



- KPI Scorecards Enablement:**
1. European operation to track and drill deep into Year-over-Year revenue shortfall of \$7M and develop recovery action plans
 2. Aftermarket organization to identify most impactful areas to invest for growth; investing for inventory to improve parts availability by 10% to 25% across various divisions while realizing \$XM+ in working capital improvement by de-stocking