

Service Centre Strategy for Renold plc

Issue for Renold plc

Approximately one third of Renold's turnover in chain (c.£40m) was for a product group known as conveyor (or engineered) chain. These products were distinguished from standard roller transmission chain in that they had attachment specific for the customer application, e.g. agricultural harvester chain, escalator chain. Renold's competitiveness in this market was worsening and the sales declining rapidly.

Overall contribution / achievement of objectives

In the role of Group Operations Director, Steve, began a manufacturing reorganization, called "Service Centre Strategy". The conveyor chains were made wholly in their conveyor chain factories, but as actual volumes were relatively low, then there were few opportunities to achieve mass production economies. However, many of the parts they produced could be made at Renold's transmission chain factories, where mass production techniques were common. Manufacturing costs were significantly reduced, whilst still maintaining the product portfolio.

Impact on the business / bottom line

The conveyor factories in England, France and US were all downscaled in employee numbers between 50-80%, but maintained their output. In addition, sites in Poland, Malaysia and China were started to provide cheaper components and begin expansion into their domestic markets.

Leadership / people management skills

"Steve took a group wide view of the situation and built a framework to best utilize the strengths of the individual companies and factories. Only by taking this approach could we stop the erosion of a market sector that had been a backbone for Renold for decades. It really was a case of doing nothing would have led to business collapse."

Service Centre Director s3n