

## CASE STUDY

# Accelerating Realization of Continuous Improvement Program Benefits

## Client

150+ years-old Glatfelter grows 3X, becomes a shining star in an “old economy” industry, pushes to a higher level of operational excellence in 11 sites.

## Challenge

Years of continuous improvement (CI) programmes and acquisitions yielded inconsistent results. How to accelerate the capture of meaningful CI benefits and ensure consistent enterprise-wide performance.

## Solution

Conducted full potential analysis, created a CI roadmap, developed a CI model site, implemented Managing for Daily Improvement problem solving capability, and developed a repository of training modules to install a common CI language across the organisation.

## Results

Exceeded plan by 50%. Rolled out CI, trained managers & operators, deployed problem solving, used CI to integrate acquisitions. Grew share price by 68% in 5 years, eclipsing \$1 billion in market capitalisation for the first time in over 20 years.

## Reinvention of Products and Processes Drives Growth at Glatfelter

As the company continues its transformation from a single paper mill to a global provider of fibre-based engineered materials, leaders are pushing continuous improvement further to leverage best practises across the growing enterprise.

Ask people to name the world’s most innovative companies, and you probably won’t hear them say Glatfelter, a publicly held global fibre-based engineered materials manufacturer based in York, Pa. But if necessity is the mother of invention, then Glatfelter is the patriarch of reinvention.

The company is a shining star in an “old economy” industry not only due to a demand-driven product-development strategy, but also because leaders are pushing their Continuous Improvement (CI) programme to a higher level of Operational Excellence maturity across the 11-site organisation. By moving from the tools stage to the systems stage<sup>1</sup>, Glatfelter expects its CI efforts to yield more cost savings and increased profit potential.

Growth is one driver. From 2005 to today, Glatfelter has grown from \$500 million in revenues to nearly \$1.7 billion through product-line-expanding strategic acquisitions.

“As we acquired different entities we inherited a wide range of continuous improvement knowledge and capabilities,” says Chris Astley, VP of Corporate Strategy. “Dante Parrini, our Chairman and CEO, decided it made sense to leverage pockets of internal CI best practices—particularly in our Speciality Papers Business Unit—and package it into a comprehensive

and consistent programme that we could call Glatfelter's Continuous Improvement programme." Astley said a more standardised approach should accelerate knowledge capture and learning so that CI efforts will drive quicker benefit capture.

## GLT Share Price Growth



On March 18, 2013, Small Business Newswire (SBWire.com) named Glatfelter (NYSE:GLT) a "Hot Stock." Share price has grown about 68 percent from \$13.89 in March of 2008 to \$23.38 on March 27, 2013, eclipsing \$1 billion in market capitalization for the first time in over two decades.

Source: [www.stockcharts.com](http://www.stockcharts.com)

"Our goal is to create an environment in which we're all speaking more or less the same language. We don't want people wasting time reinventing the wheel as they work to implement CI methodology across the enterprise."

The need to be faster and more successful with the application of CI is becoming a more common goal for companies such as Glatfelter that have mastered a certain number of CI tools and practises over the years, but now require bigger results to remain competitive.

"At this stage, the process improvements are obvious if you walk through the factory—these could include dramatic inventory reductions and productivity improvements, and cleanliness if 5S is emphasised," TBM's consultant says. "Although these efforts may not have always significantly impacted the P&L statements, at least not yet."

As many manufacturers did in the 1990s and early 2000s, Glatfelter used some CI tools on a selective basis, such as kaizen and SMED; but it did not, as a company, adopt a system-wide CI strategy. Then in the mid-2000s, the business unit now called Speciality Papers started a more aggressive CI programme in response to mounting competitive pressure in a rapidly changing market. Again, Glatfelter followed the practise of many other companies at the time in linking CI results to annual sales goals.

"The programme was primarily focused on what I would call strategic projects," Astley explains. "Instead of it being CI at the shop floor level, it focused on projects that engaged the larger population and would enable the company to achieve budget goals or provide some cushion if unexpected setbacks occurred during the year."

Then, a string of acquisitions added more variety and complexity to the CI programmes at Glatfelter.

"Up until two to three years ago, CI was not particularly coordinated at the enterprise level," Astley says. "It was very specific to each facility."

Parrini, then EVP and COO, started the coordination effort by hiring Astley in 2010 and putting him in charge of facilitating the development of Glatfelter's global corporate strategy, global M&A and CI. At the same time, Glatfelter invested in hiring a Global Director of CI, reporting to Astley. After an initial assessment period, TBM was engaged to support development of a system-wide CI programme.

Initial efforts focused on a roll-out of the CI roadmap tool, developing a core set of CI training modules, and evaluating the merits of implementing a Managing for Daily Improvement Programme.

**“Most recently, we have put more emphasis on the shop floor supervisory level with Managing for Daily Improvement, which is intended to get people at the operational level focused on day-to-day or hour-to-hour problem solving.”**

**— Chris Astley  
VP of Corporate Strategy**

“When we think about CI, we think about it from the shop floor all the way up to the C-suite. Prior to MDI, we had not executed very robust training at the operational floor level that included all of the elements of CI.”

An evolving aspect of Glatfelter’s transformation is how goals are set, and performance measured. Traditionally, Parrini sets a company-wide CI target as a percentage of net sales. But Astley says there is a shift in thinking as the company’s CI efforts mature.

“While our thinking is still evolving, we are starting to consider tools such as strategy deployment to cascade higher-level strategic goals down to the business unit and facility level.”

As part of that, the company has chosen one of its European facilities to be a CI model site, where they will identify the full improvement potential of the facility and then develop a CI programme to fulfil that potential. If it proves successful, Astley hopes to be able to roll out the programme to other facilities, thereby creating the infrastructure to deploy strategic-level goals through CI. Astley said, if done well, strategy deployment can be an attractive alternative to setting a singular net-savings goal because it is more transparent and more easily translated from the C-suite to all other levels of the company.

“We have a lot of work to do,” he says. We are just at the beginning, but we’re making meaningful, consistent progress. While the journey is just beginning, we believe there is significant future value to be created for all of Glatfelter’s constituents.”

## Speed wins every time.

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