



COST OPTIMIZATION WITH LEAN SIX SIGMA

**PRACTICAL ASSISTANCE FROM
MERKUR-AKTOBE LLP**

Lean Six Sigma – OPTIMIZATION

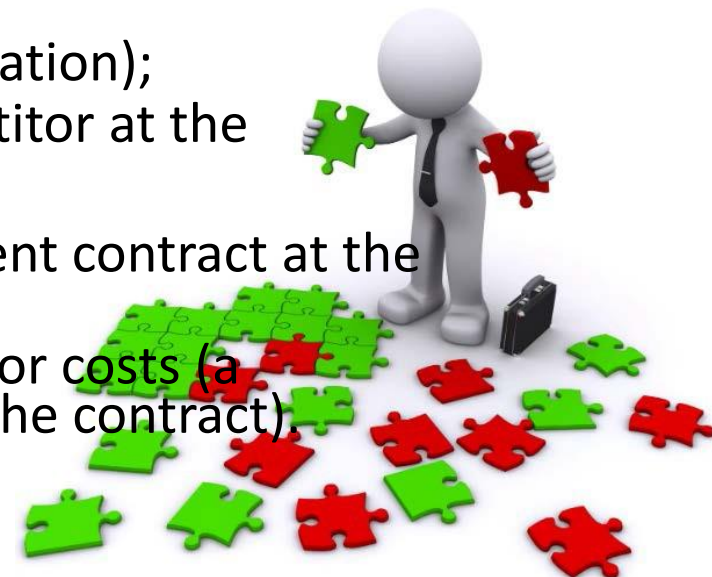
- Looking for new scopes of work as a contractor?
- Running at high prime cost as compared to peers?
- Struggling to win bids from major clients in the RoK?
- You do not know, what else can be done to reduce your cost and become better, lower expense and faster?

WE WILL HELP YOU!



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- The biggest clients in the market of the Republic of Kazakhstan – Tengizchevroil, NCOC B.V., Samruk-Kazyna, Kazakhmys, KPO B.V.
- Key requirements to contractors include the following:
 - Low service cost;
 - High or acceptable service quality;
 - Timely and full scale provision of the service.
- Main types of contractor offers at the RoK market today:
 - We can do this fast, but at low quality (a risk of contract termination);
 - We can do this fast, but expensive (a risk of loosing to a competitor at the selection stage);
 - We want a large and expensive scope portion (a risk to lose Client contract at the selection stage);
 - We do not want penalties for schedule slippage, scope failures or costs (a risk of long negotiations and the probability of not concluding the contract).



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- What is the way out and how shall you beat the competitors?

1. Be guided by the formula:

Service price = Cost + Profit Margin

(Will there be a discount?)

2. Reduce the service cost, preserving acceptable profit level, quality and main pool of personnel (competencies).
3. Develop the lean approach to service offering and provision.
4. Optimize internal processes, using Lean Six Sigma approach.
5. Cultivate continuous improvement culture in the company.



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- **What** does Lean Six Sigma approach provides during company processes optimization?
 - Thorough understanding of processes, bottlenecks, wastes (both quantitative and qualitative) – the situation “as is”.
 - Clear definition of the target process state – where we want to be in 3-4 months and with what parameters.
 - Quantitative process assessment and determination of cost reduction potential per product/service unit in the process.
 - Single circle of company processes that are interconnected and pursue the same goal.
 - Trained and motivated company personnel (core staff) knowledgeable of the process optimization.



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- We offer:
 - Reduction of product and services prime cost.
 - Reduction of service provision period until achieving the result.
 - Reduction of defects.
 - Increase of work portion completed without extra cost.
 - Reduction of engineering study costs.
 - Reduction of project execution time.
- For this purpose we will:
 - Seek and find the most efficient ways of raising company operational effectiveness.
 - Train company staff and management in Lean Six Sigma methodology and tools.



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- **Who** will implement this approach?
 - Specialists possessing vast practical experience in Lean Six Sigma methodology while working with small, medium and large scale businesses in the RoK and the Russian Federation.
 - Experienced trainers-practitioners, who know best optimization practices and can train your employees in using the same.
 - Consultants who achieved hundreds of millions of tenge for client companies through the use of practical optimization methods.



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Artyom

More than 30 years of practical experience in the Lean Production and Operational Effectiveness in such companies as EuroChem, Tengizchevroil, Uralkali, AgroTerra, EVRAZ and other leaders of oil production, mining, steel making, agricultural, construction and machine building, as well as other industries in Kazakhstan, Russia, the USA and South Africa. Huge consulting experience.



Aidar

More than 20 years of overall experience in law and construction in the Republic of Kazakhstan and abroad, in-depth practical experience of lean production methods application for small and medium scale businesses.



Pavel

More than 18 years of practical experience in large and giant scale international projects in construction and mining industries in the Republic of Kazakhstan.

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- **How** will such approach be implemented to optimize company processes?
 - Methodology Lean Six Sigma (DMAIC project cycle) will be used.
 - Define – who is the client for the change? Why are they necessary? What should change and in what timeframe?
 - Measure – main metrics, data reliability, process relevance.
 - Analyse – study the process capability, problem causes, potential risks.
 - Improve – modify processes and systems, break activities down into elements.
 - Control – support changes and prepare reports.
 - Client's processes will be audited and recommendations will be issued detailing improvements and potential effect.
 - Company specialists will review Client's processes in full entirety, starting from vendors, production sites and through to records.

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Continuation



- **How** will company processes optimization be implemented?
 - A roadmap will be developed detailing practical actions to be implemented in the Client company under the supervision of our specialists.
 - Based on the vast previous experience and wide range of statistical analysis tools, optimal solutions will be selected for each particular case.
 - Client personnel will be trained (at the Client discretion) to implement actions and maintain the system in the good working condition.
 - Efficient implementation of improvement initiatives and programs requires their understanding by the entire team – Yellow Belt awareness training course (similarly to martial arts, as the methodology originates from Japan), at the Client discretion, 1 business day;
 - For the independent implementation of the Client own processes self-sustaining specialists in Lean Six Sigma optimizations can be trained to the Green Belt training course, at the Client discretion (advance planning is required due to the volume of training material), 6-7 business days.

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Continuation



- **How** will company processes optimization be implemented?
 - The progress will be assessed (by the benchmarks), the Client will receive intermediate and final results.
 - Results of the each project must be measurable and quantifiable;
 - Decisions will be based only on the verifiable information, excluding assumptions and suggestions.
 - Continuous process improvement.

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- **How long** does it take?

- Generally, preliminary assessment (an audit) requires from 3 to 10 business days (depending on the company scale).
- Action roadmap development and agreement requires from 3 to 5 days (in close cooperation with the Client).
- Actions implementation using Client resources takes between 30 and 90 business days, including company personnel (depending on the company scale and scope of work).
- An intermediate audit takes 1-2 business days 3-4 times per project.
- Debriefing and results presentation (in the form of a slide deck) takes between 5 and 8 days.
- Project TOTAL period lasts up to 120 days (4 months).



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- **What is included in the service?**

The cost of the preliminary audit and further project stages does not include VAT and is based on each consultant work time, it will be discussed with each Client individually and is subject to change.

- Preliminary audit cost is KZT 150,000 (excluding VAT) per 1 man-day.
- Roadmap development, action plan preparation and further implementation (support).
- Personnel training as agreed with the Client, depending on the selected course Yellow Belt (awareness) or Green Belt (advanced).
- Intermediate audits to establish the progress of a project.
- Final report preparation and submission.

The total cost will be determined by the scope of provided service.

**) Travel, accommodation and meals cost shall be covered by the Client*



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- Our contacts:

- Merkur-Aktobe LLP, the private construction and consulting company
 - Email: pavel_k@merkura.org
- Phone: +77013277005
- Contact person: Pavel Klimov

We are on the RoK market since 2018.

