



Project Management

Risk Mitigation & Contingency Planning

Project Overview

A heavy manufacturing client was interested in shifting their global strategic footprint away from high cost locations, which resulted in union strikes. These union strikes were causing prolonged slowdowns at one of the client's large component facilities and the probability of shutting down assembly facilities worldwide. It became increasingly urgent for the management team to understand a variety of demand and production scenarios that could occur over the next 3 – 12 month period. The client engaged CGN Global (CGN) to develop, prioritize, and execute contingency plans for a large scale facility (over 1,000 employees) that would cover potential 'line-down' situations.

Business Objectives

CGN needed to understand potential 'line-down' scenarios and margin loss based on projected demand, production plans, and variability. After the potential scenarios were understood, CGN developed alternate sourcing plans for more than 200 parts & assemblies which would prevent a potential \$300M lost in sales.

Business Challenges

- Prevailing low demand in the market created a climate of cost cutting and inventory reduction thus creating complacency about potential 'line-down' scenarios
- Lack of formal project execution processes and expertise
- Lack of program governance and formal controls
- Lack of standardized processes for resourcing to alternate suppliers
- Responses were uninformed/quick to respond with little knowledge or expertise
- Complexity of the organization structure created unclear communication routes

CGN Global Approach

CGN Global implemented a program for governance and communication with clear roles and responsibilities at each level. For each business scenario, CGN created a risk assessment and developed business cases for fast tracking approval for resources and the capital needed to mitigate the potential financial impact

to the client. In order to create a sustainable change, project managers were embedded in more than 200 project plans to execute local governance.

Business Results

- Mitigated the financial risk of more than \$300M in lost revenue
- Reduced the initial investment (50M down to 38M) needed for response to 'line down' situation
- Clear understanding of risk and response plan allowed for prioritization & focus on high risk parts
- Velocity to deal with changing business conditions allowed fast track responses for resources needed
- Disciplined project planning enabled shorter schedules
- Processes were standardized
- Strong governance implemented

Our Expertise

A CGN PMO goes beyond traditional project management and plays an important role in reducing cycle time and increasing throughput by 10-15% through our proven services:

PMO Implementation – using a “Build, Operate, Transfer” model, we determine the tools, procedures, processes and templates that will best suit the Project Management needs of the organization and ultimately work to provide you with the tools to manage the countless projects flowing through your organization.

Project Management Maturity Assessment – in order to know where to start, you must know where you currently stand. We look at your project management objectively to determine your current state. From here, we can give recommendations for a desired future state or use this assessment as the first stage in a more comprehensive PMO service.

Change Management – change management is an integral part of implementation. Assessing an individual or organizational approach to change for transition from the current state to a desired future state directs the PM team in building necessary change management initiatives into the implementation plan for successful PM operations.

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