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# The Path to Development

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Oy W. Rosenlew Ab  
Rosenlew Tools

## **Developing the Injection Mold Business**



Kari Tuominen

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Copyright: Oy Benchmarking Ltd  
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ISBN: 978-952-228-488-4  
ISBN ebook: 978-952-228-489-1  
Publised: 2015

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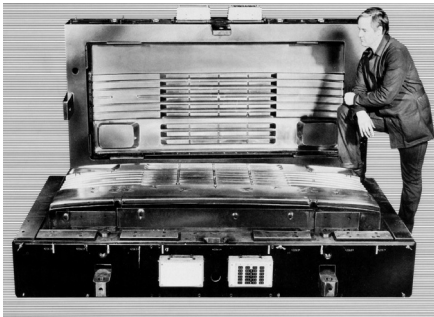
## **Discription of the Benchmarkin Study**

The following describes the part of Rosenlew Tools' development program that illustrates performance of the benchmarking process.

## Summary of the Case Study

In 1987, Rosenlew Tools marketed, designed, and manufactured sophisticated injection molds for the Scandinavian television and automobile industries. It was one of W. Rosenlew's profit centers. The company employed 120 people and had a turnover of about (EUR 4 million). Its major competitors were in Finland, Italy, and Germany.

The main thrust of the strategy was to transform Rosenlew Tools into a unit that could operate profitably, first and foremost as the main supplier of large injection molds for the Nordic TV and automobile industry .



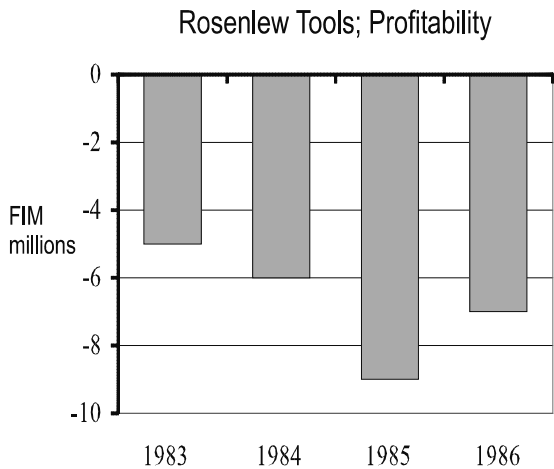
All the major European automobile-producing countries (Germany, Italy, etc.) already had a strong injection molds industry supplying the automobile manufacturers, except for Scandinavia. Most of the large molds were imported from Germany and Italy. The main objective was to fill this gap.

The Nordic TV industry was growing rapidly as a result of exports and acquisitions. (It was the third largest in Europe.) It was looking for injection molds manufacturers who would be competitive, particularly on delivery times.

In order to meet the overall goals set for the profit center, strategic objectives had been established for profitability, growth, internationalization, product policy, investments, productivity, cost structure, organization, corporate culture, and competitive advantage.

Strategic objectives were compared with the corresponding performance of competitors. Throughput times, productivity and corporate cultures were compared individually, and conclusions drawn about the reasons for differences in performance.

In order to achieve the overall goal, we had to win a strong position in the market and improve profitability considerably. The company had been making heavy losses for many years, in spite of significant growth.

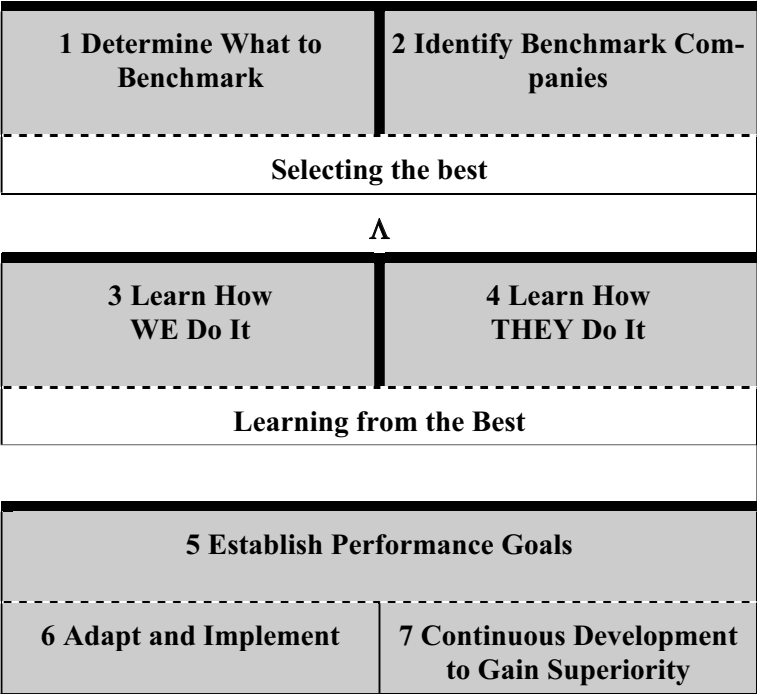


The goal was to achieve a return on equity of 14 percent within three to four years.

# Benchmarking Model

## 7 Phases

The following presents a 7-phase benchmarking model that is applied to two benchmarking studies.



# Description of the Benchmarking Study

The following describes the part of Rosenlew Tools’ development program that illustrates performance of the benchmarking process.

## 1. Determine what to Benchmark

It was believed that the poor profitability was due to the low price paid for the product. Reasons for this were sought in customer satisfaction data, which were obtained from the organization’s main customers.

In the following table, a figure of 10 indicates the best performance, against which the others were measured. We saw how customer satisfaction and price level are correlated.

Customer expectations	Relative Scores			
	Sweden	Tools	Italy	Germany
Delivery time	9	6	10	7
Product quality	8	8	7	10
Flexibility	9	7	10	7
Customer relations	9	3	5	10
<b>Total</b>	<b>35</b>	<b>24</b>	<b>32</b>	<b>34</b>
Price level	8	6	7	10

Since our customers placed particular emphasis on the need to **halve delivery times**, we chose that as our most important factor to benchmark. The other area we chose was productivity, with the target of doubling it.

**2.**  
**Identify Benchmark Companies**

We decided to find benchmark companies from among our competitors. Our customers were our most important source of information. They were keen to support our improvement program so they would have a competitive Scandinavian supplier of injection molds. We were able to benchmark two Italian and one Finnish competitor. From Germany and Japan, we received only country-specific information.

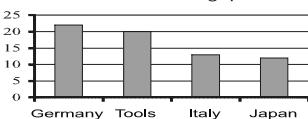
**3.**  
**Measure Performance Gap**

We made the comparisons separately for molds for the automobile and TV industries. Throughput times were based mainly on information received from our customers.

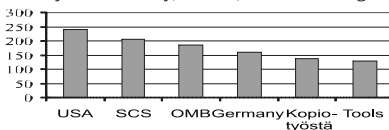
We obtained comparative information on productivity and labor costs from reports of the International Special Tooling Association (ISTA). Tooling companies from around the world send key economic performance indicators to this organization, and these are published annually, arranged by country.

We were not able to make trend comparisons with our competitors, since we had been in this business for such a short period of time.

TV Molds 1986 - Throughput Time / weeks



Hourly Productivity, molds, sales/working our



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