



Business challenge

To turn its strategy into action, Barloworld Limited needed a way to encourage employees across its diverse organization to actively solve problems, optimize processes and enhance customer value.

Transformation

To execute an ambitious growth strategy, Barloworld sought to deliver greater value to equipment, automotive and logistics customers. Teaming with Simplr® Consulting, the South African company launched the Barloworld Business System (BBS), an innovative vehicle for a cultural-driven lean transformation designed to enable breakthrough improvements.



Dominic Malentsha Sewela
Group Chief Executive Officer
Barloworld Limited

Results

Increase from 29% to 75%

in car rental agents generating R 1 million in monthly call center revenue

50% faster car maintenance at ~ 70 auto dealers

with an innovative express service that boosts customer satisfaction

Up to 99% faster recruit-to-onboard process

anticipated within the Human Capital group with < 10% administrative effort

Barloworld Limited

A distributor of global brands reinvents itself with a lean transformation

Headquartered in Johannesburg, South Africa, and Maidenhead, UK, [Barloworld](#) (external link) operates in approximately 15 countries and employs more than 13,000 people worldwide. Inspiring leadership, a reputation for ethical conduct, innovation and a commitment to giving back have ensured Barloworld's longevity since its founding in 1902.

“[Our employees’] commitment to adopting and practicing [the BBS] methodology is key to our future success and achieving breakthrough targets.”

—Dominic Malentsha Sewela, Group Chief Executive Officer, Barloworld Limited

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“Uniquely Barloworld and special”

One of South Africa’s oldest companies, Barloworld excels as a distributor of integrated rental, fleet management, product support and logistics solutions. It serves well-known brands in multiple geographies, often venturing into remote areas where it uses sustainable development practices.

Its customers include Caterpillar Inc., a worldwide construction equipment manufacturer, for whom it operates dealerships across southern Africa and in Siberia, the Russian Far East and Mongolia. Avis and Budget Rent a Car rely on Barloworld as their master licensee in numerous African countries. Toyota, Ford and several other global car OEMs in that region also engage Barloworld as a dealer partner.

Barloworld has plans to diversify its offerings and grow. The company is pursuing an ambitious growth strategy under the direction of Dominic Malentsha Sewela, Group Chief Executive Officer at Barloworld, including entering consumer-focused segments. The goal is to double Barloworld’s value every four years.

“We’re in an interesting place,” says Chris Wierenga, Group Executive, Strategy/ M&A, at Barloworld. “We’re all about creating value for our shareholders and stakeholders, and



we have a well-thought-out, coordinated strategy that will take us in quite different, bold directions.”

To help Barloworld successfully deliver on its strategy, the leadership team sought to foster greater structural alignment and a deeper, shared culture across divisions. “More than just the capital on our balance sheet, we wanted to bring something that was uniquely Barloworld and special to new businesses, something that could add value,” explains Wierenga.

The corporate strategy team engaged Mxolisi Kobus, Head of Operational Excellence at Barloworld, to help chart reinvention of the company’s worldwide culture and operations. He liked how lean management promoted problem-solving and continuous improvement.

“I was fascinated by how the lean way of doing things could give us a distinct advantage. It could provide systematic capabilities that were scalable and repeatable across the organization and help us focus on what’s critical to delivering on our strategy,” he says.

Embracing the Barloworld Business System

Led by Sewela, the executive team engaged Simpler consultants to help guide a lean transformation of the entire organization. The consultants’ comprehensive framework aligned closely with Barloworld’s vision and values, and their collaborative approach rapidly gained executive trust.



“We saw that we could create value on a consistent basis and at the level of each business’s potential.”

— Mxolisi Kobus, Head of Operational Excellence, Barloworld Limited

Barloworld adopted the Simpler Business System® suite of lean methods and tools to support a large-scale transformation, from strategy development to cultural change to value stream enhancement. To help ensure a uniquely Barloworld approach, the executive team worked with Simpler to model the BBS after the Simpler Business System, which is anchored on the lean principles of respect for people and continuous improvement.

“We saw that we could create value on a consistent basis and at the level of each business’s potential,” explains Kobus. “Our CEO had confidence in our strategy team to deliver, but he also believed in the system.”

As Sewela recently wrote, “The Barloworld Business System is our One Barloworld Way of achieving our strategy.... [Our employees’] commitment to adopting and practicing [the BBS] methodology is key to our future success and achieving breakthrough targets.”

During the first year, Simpler consultants helped Barloworld begin its lean journey by deploying the BBS in the Barloworld Equipment division in South Africa before introducing it enterprise-wide. They worked with Barloworld Human Capital and Learning and Development teams to establish training and coaching

programs, from lean awareness for all employees to lean mentoring for the top 200 leaders.

As part of the BBS, Barloworld launched the Managing for Daily Improvement (MDI) Everywhere initiative to empower employees at all levels to achieve consistent, daily improvements. Based on the Simpler MDI system, the program provides teams with common operational structures, problem-solving techniques and visual management tools.

The company also began diagnosing several workflows and effecting changes using value stream analysis

(VSA) and rapid improvement event (RIE) tools from Simpler. During VSAs, small, disparate groups of employees designed the optimal flow required to enhance customer, user and employee experiences associated with a particular product or service. Then, they conducted RIEs to execute the changes and identify further wastes and inefficiencies for elimination. By engaging the right people to solve the right problems, the company was able to address root causes.

The Barloworld Remanufacturing Center (BRC) outside Johannesburg, South Africa, held the first value stream activities. Responsible for rebuilding Caterpillar power trains, engines and hydraulics, the center is the largest of its kind in the manufacturer’s dealer network. Focused on reducing costly downtime, several frontline and managerial employees participated in VSAs and RIEs that led to game-changing improvements.

For example, one RIE group redesigned the facility layout, including actually removing walls and taking other significant steps to enable a more efficient, safer production flow. After carrying out the changes within one week, the BRC became one of the company's model value streams, helping engage other employees in lean initiatives and make success contagious.

"Seeing the changes the RIEs brought gave the BRC team the sense that they've been heard and respected," says Charl Groenewald, Chief Executive at Barloworld Automotive and Logistics. "The momentum and excitement created in the rebuild center made it very easy for other people to say, 'We want to be part of this.'"

Empowered and inspired to innovate

As one of Simpler's larger engagements, the Barloworld lean transformation encompasses more than 13,000 people across 1,000 locations in 15 countries. The only consultancy company Barloworld has retained during the COVID-19 pandemic, Simpler uses online collaboration tools to keep its consultants connected. Simpler also is rolling out the BBS to all newly acquired companies to help them quickly generate value.

The transformation is taking on its own life, as rising numbers of Barloworld employees gradually



incorporate the BBS into their everyday culture. Unlike previous corporate initiatives to improve operations, the BBS helps unite efforts and foster a shared spirit. For instance, some employees created their own BBS song and dance that spread across the enterprise.

Greater employee engagement and innovation speak to the intangible, cultural changes of the transformation. To date, Barloworld teams have also achieved phenomenal quantified results, all sustainable.

For instance, in an MDI Everywhere pilot program, the lowest-performing group of reservation agents within the Avis/Budget national car center for South Africa became the highest performing. Within three months, the percentage of agents earning R 1 million in monthly revenue increased from 29% to 75%, making them eligible to join the center's Millionaires Club.

Value stream activities also delivered the following results in South Africa:

- The BRC reduced turnaround time by 50% for overhauling Caterpillar engines and increased monthly output by 100%.

Attained at no additional cost, this productivity improvement enabled win-win results for Barloworld and the manufacturer

- Field service teams in Middelburg shortened average turnaround time for repairing off-highway mining trucks up to 61%, from 25 – 36 days to 14 days. More efficient workshop flow helped boost productivity and customer satisfaction.
- Construction customer service teams in Islando eliminated their entire slow-moving and obsolete product inventory, freeing more than R 150 million of invested capital.

- Automotive aftersales teams developed a new express service that reduced by 50% the time required to perform standard vehicle maintenance. The drive-in/drive-out service is being rolled out at approximately 70 Toyota and other dealer sites nationally, potentially boosting gross profits up to R 10 million per site while improving customer and employee experiences.
- The Human Capital group anticipates reducing time to perform its recruit-to-onboard process by up to 99%, from 112 days to 1 – 15 days, with less than 10% of the previous administrative effort.

To date, Barloworld has achieved an 11: 1 ROI on its Simpler investments, and the company is on track to double its value every four years. Leader involvement remains critical to maintaining the momentum. It cascades down from Sewela, who regularly participates in leader standard work, strategy deployment and other reviews, daily problem-solving huddles and Gemba workplace walks.

Across Barloworld, other leaders are eager to carry forth the vision. Through training and knowledge transfer, Simpler has helped 46 employees become Lean

“With Simpler’s resilience and persistence, we’ve found simple ways to make breakthrough changes that helped convince people to come along on the journey.”

—Charl Groenewald, Chief Executive Officer, Barloworld Automotive and Logistics

Competency System (LCS) Bronze-certified practitioners and 73 employees become LCS continuous improvement practitioners. In addition, more than 1,500 people have completed basic lean training.

The Simpler team’s expertise and commitment have also proved pivotal to Barloworld’s success.

“With Simpler’s resilience and persistence, we’ve found simple ways to make breakthrough changes that helped convince people to come along on the journey,” says Groenewald. “You have to be experienced in how you change people’s beliefs, and Simpler is holding our hands through the change. That’s a big difference for us.”

About Simpler Consulting, an IBM Company

Simpler is part of IBM® Watson Health®. For nearly 30 years, the Simpler team has worked with clients to collaborate, coach and enable them to achieve rapid improvement across financial and nonfinancial performance indicators. Simpler’s value lies in its ability to work with clients to develop a business system and implement systematic improvements that facilitate long-term performance and sustainable growth.

Solution components

- Simpler® Consulting

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