



70+ Ways to Reduce Costs, Increase Productivity and Improve Customer Service

F. Curtis Barry & Company
Multichannel Operations & Fulfillment Consultants

1897 Billingsgate Circle, Suite 102, Richmond, Virginia 23238
804-740-8743 (P) 804-740-6179 (F)

www.fcbco.com
www.fcbco-blog.com

70+ Ways to Reduce Costs, Increase Productivity and Improve Customer Service

By Curt Barry

Over the past 23 years F. Curtis Barry & Company's work with multichannel companies in operations and fulfillment consulting has allowed us to compile these 70+ ways that can cut costs and increase productivity, which will ultimately lead to an improvement in customer service. We have focused our cost reduction and productivity assessment efforts in the following four major areas:

Contact Center

Scheduling and staffing models, service levels and technology in the call center are all affected by the increasing eCommerce order volumes. What are the ways to be more efficient and serve the customer better from the contact center?

Warehouse & Distribution

With most companies coming out of a less than perfect holiday season, there is a real need to increase productivity without having to make major capital purchases to do so. Discover ways to reduce your warehouse cost per order, increase capacity without expansion and improve service levels.

Forecasting & Inventory Management

Inventory is most companies' largest balance sheet asset. How it's managed determines customer service and profitability. Learn ways to improve the management of this asset.

Multichannel Business Systems

Order management, warehouse, e-commerce and inventory management systems are at the heart of the company. These systems affect the productivity and sales of all departments including merchandising, marketing, fulfillment and contact center. Investigate ways to plan for, select and implement effective Multichannel Business Systems.

We ask that you please consider using F. Curtis Barry & Company's consulting services to tailor a cost reduction and productivity improvement assessment to your company's needs in order to evaluate, develop and implement these improvements and cost reduction practices.

For more information contact Jeff Barry at 804-740-8743 or email jbarry@fcbco.com.

25 ways to be more efficient and serve the customer better in the contact center

F. Curtis Barry & Company has successfully assisted our client's contact centers by increasing productivity of personnel; applying technology for scheduling, email management, IVR and training; improving customer service for serving online customers; and selecting and installing order management systems. Some of our multichannel contact center clients include Appleseed's, The Metropolitan Museum of Art, Day-Timers, Blair, Hanna Andersson, Haband, and Norm Thompson.

1. Perform post season audit
Determine what went really well, what needed a band aid to get accomplished and what were severe problems. Operational assessment of metrics, productivity, service levels, attrition, revenue generation and process improvements which should be considered.
2. Benchmarking
Set up internal benchmarks to reduce your cost per order, cost per call, cost per contact and cost per transaction. Translate these down to department and individual work standards.

Join F. Curtis Barry & Company's Contact Center Benchmarking ShareGroup to exchange metrics and best practices, discuss strategies, network with peers, and tour and audit a member's contact center.
3. Staffing models - full time/part time/flex
Labor is your single biggest expense in the contact center. Take a good look at your current staffing ratio. Full time, if not kept productive, may be costly. Change the mix of full time, part time and flex time staff.
4. Attrition (turnover)
Studies show that attrition costs \$3,000 to \$10,000 in recruiting, training and initial on the job investment to bring a new person on board. Many contact centers average 40% to 50% or higher. Review the reasons why attrition is so high and put a plan together to reduce it.
5. Outsourcing
Domestic, off shore or near shore for phone, email, mail orders and other documents, etc. So many choices for so many options, you really need to have assistance—but you can save money! Investigate and implement it without sacrificing your quality, customer service or your revenue.
6. Training
Review your training plans and make sure the agents are trained in training sessions, not On the Job Training! This will create shorter “ramp up” times for new hires. A solid, well thought out training plan will pay great dividends and improve customer service. Keep it all consistent to keep the knowledge levels high.
7. Measure by interval and not the day
This will create a need to stay focused and find efficiencies in scheduling and processes. You cannot make it up later in the day; if you missed one interval you lost money, either with labor or sales.

8. Use QA to drive out unneeded processes
If you are not, then you should conduct a review of your processes from a Quality Review point of view. Make sure your Quality Team has three MAIN constituencies in mind as they do their jobs...#1, first and foremost, the paying customer; #2, the company; and #3, the supervisors and the agents for training and coaching. Now make sure that there are not other items the agents do that don't support these efforts.
9. Adherence
If you are suffering during scheduling intervals, make sure your personnel are in the seats at the right time.
10. Occupancy
Manage this gingerly. If done correctly you will run a well oiled machine. If you miss, you will hemorrhage money. Scheduling is the key to maintaining optimal occupancy rates.
11. Workforce software
Many companies are still using Excel for their staffing software. Excel cannot save you as much money year over year as a good workforce program. Team up with Fulfillment Center to share the system. It will pay for itself quickly. If you have one, understand how to use it to its maximum.
12. Service level review
Are you at the right service level for your customers' needs? Or are you following a standard that is too high? If so, you are spending a great deal of extra money which may not be necessary.
13. Supervisors
Review your supervisor-to-agent ratio. Are you overstaffed with supervisors or understaffed with supervisors?
14. Speech recognition (VRU)
To some, Speech Recognition is an evil word. But many companies have used it selectively to save a great deal of money. You can, if engineered correctly and your expectations are realistic.
15. Interactive voice response
Are you using it to the best advantage? Contact centers use IVR systems to identify and segment callers (orders versus customer service). This allows the center to tailor services according to the customer request.
16. Telecomm audit
Make sure you are not paying for services, numbers or locations that you don't have any longer. You could be spending a great deal more than you need. It is estimated that over 50% of all corporate telephone bills have errors.
17. Call flow review / prompts
Too many branches or prompts will confuse and irritate the customer and cost you telecom charges. Keep it simple; the customer will love you and you can get call types other ways for reporting.

18. Home agents
Add flexibility to your staffing model and reduce the center's occupancy costs. Understand what the legal ramifications, supervision, home office work environment and technology aspects are. You can save money and have happy employees.
19. Shared labor
Need help with peak labor? Some companies have found a partner that is contra-seasonal within or outside your niche. This allows you to manage the peaks, reduce start up training expenses and you may be able to barter for time (minutes used).
20. Using an agency for peaks
If you just can't staff for the peak, seek out a good temporary agency. Contact centers make good use of them, managing like you would your own staff.
21. Email management software
Get onboard with an ASP and start saving on your labor with email and chat functions. It is a win for the customer and a win for you.
22. Cross selling/up-selling
Remember your agents are the eyes and ears to your customers in most cases, so make them your best sales force. More companies need to look at this as a way to increase average order. Will you use incentives to achieve higher results? Your agents can do it effectively and not be offensive to the customer.
23. Analyze call reasons, drive out unneeded call drivers
Understand why the customers are calling. You might have found an area that needs to be reengineered.
24. Chat with the customer to secure the sale / drive down calls
If you can engage the customer on the website you should be able to sell them or close the sale for them with chat. Don't let the shopping cart go empty.
25. Use KPI's to meet your goals and keep an eye on expenses
If you focus on the right things you will know where your money is going every day, week or month. Measure what is important and keep an eye on it.

20 ways to reduce your cost per order, increase capacity without expansion and improve service levels in warehouse and fulfillment

F. Curtis Barry & Company's assessments are tailor-made to identify your needs and potential improvements to process, layout and use of space, staff productivity, systems and freight analysis. We have been successful in lowering the cost per order, increasing storage capacity within the center, reducing inbound and outbound freight, improving service levels and turnaround times. Fulfillment clients include Positive Promotions, Publishers Clearing House, Sea Bear, Hanna Andersson, LifeWay Christian Resources, Cabela's, Abercrombie & Fitch, The Metropolitan Museum of Art, Belk Inc., Sur La Table, Crutchfield, Urban Outfitters, and Colonial Williamsburg Foundation; to name just a few.

1. Benchmarking

A program to set up internal benchmarks will reduce your cost per order or hold the cost in line as volumes increase. Translate these down to department and individual work standards.

Join F. Curtis Barry & Company's Warehouse Benchmarking ShareGroup to exchange metrics and best practices, network with peers, discuss fulfillment strategies, and tour and audit a member's warehouse.

2. Manage the labor force

Labor is the largest controllable expense item in your DC. Successful practices to improve performance can lower your labor cost.

3. Hiring, retention and attrition (turnover)

Labor is your first or second largest expense after outbound freight in the fulfillment center. Review the reasons attrition is so high and work to close the gap. Review your hiring, retention and training practices. How well are you able to staff for the peaks?

4. Reduce handling and touches

The fewer touches of product, the less cost of shipping an order. Streamline the operation and apply industry best practices to reduce handling and cost of fulfilling an order.

5. Slotting

Effective slotting practices can lower your costs for picking, replenishment, and putaway warehouse labor.

6. Team building

Successful organizations take team building seriously. Take your organization to a new level and improve productivity.

7. Picking options

How can you use best practices to improve picking productivity?

8. Use what you have more productively

This is a mantra in fulfillment today. Our assessments will help you get more productivity from your layout, space/product storage utilization and staff. By not caring for the basics of fulfillment, you are adding costs to the warehouse operation. Increasing current capacity and utilizing that capacity more effectively are key objectives. We believe in getting as much productivity as possible out of the existing layout, processes and systems first.

9. Performance reporting

The old adage of, "You can't improve what you don't measure" is certainly true. An effective measurement and reporting process can improve performance and lower costs.

10. Packing options

How can industry best practices help you improve performance and reduce costs of one of the most labor intensive functions in the warehouse?

11. Freight management
Controlling inbound and outbound freight can make the difference between a profit or loss for your business.
12. Use proper levels of qa
Are you “over inspecting” activities to the point of diminishing returns and spending money that does not result in a return on the investment?
13. Receiving practices and cross docking
Cross docking is an effective practice to reduce handling and costs while improving customer service and shipping costs.
14. Process returns more efficiently
Returns cost more than orders to process. Untimely processing of customer credits, refunds and exchanges can damage customer service. Our assessments look at use of staff, people, space and systems to improve productivity.
15. Workforce software
Many companies are still using Excel for their staffing software. Excel cannot save you as much money year over year as a good workforce program. Team up with Contact Center to share a scheduling system. It will pay for itself quickly. If you have one, understand how to use it to its maximum.
16. Outsourcing option
There are practical and cost effective reasons to outsource part or all of your business. It may be to deal with a peak, new product categories or when fulfillment is not a company core competency.
17. Finding the right level of automation and systems
ROI analysis could put automation into your planning for cost improvement. The wrong material handling equipment can be creating hidden lost time and inefficient product flow, impacting cost and customer service.
18. Warehouse management/bar code systems
This should include reviewing how bar coding throughout the warehouse, conveyance, material handling and warehouse management systems can improve productivity, increase service levels and reduce costs.
19. Inventory management in the warehouse
Effective inventory management is the single most important tool to improve customer service and reduce cost of operation.
20. Replenishment practices
Effective replenishment is the basis of successful order fulfillment. Inefficient replenishment will cost huge dollars and negatively impact customer service.

17 ways to improve management of forecasting and inventory

F. Curtis Barry & Companies has worked with many multichannel companies to: improve the management of the inventory assets; enhance planning, forecasting and analysis; modify organizational structure to be more efficient; and to implement more effective forecasting and

inventory management systems. Some of our clients include Chadwick's, Brylane, Charming Shoppes, The Art Institute of Chicago, Gardener's Supply, PetEdge, Bare Necessities, Frederick's of Hollywood, Highlights For Children, LifeWay Christian Resources.

1. Benchmarking

Have you developed the necessary metrics for initial customer order fill rates, final fill, inventory turnover, gross margin, lost margin from liquidation, age of inventory, etc.? In turn have these become performance objectives for the Inventory Control Buyers?

From an external benchmarking basis, join the F. Curtis Barry & Company's Forecasting & Inventory Management Benchmarking ShareGroup. Exchange metrics on a blind basis, learn best practices on process, systems, organization, etc., as well as network with your peers.

2. Streamline process

Assess the processes of seasonal planning, weekly forecasting, end-of-season analysis for your multichannel business. Streamline how the Inventory Control buyers perform their work and manage inventory. Process improvement should improve planning and forecasting accuracy, and lead to improvement in customer initial order fill rate and turnover.

3. Know your vendors

What are their pain points (space, cash, capacity)? What are their strengths? Understand these thoroughly to gain maximum leverage. Should you reduce the number of vendors you purchase from to get more leverage?

4. Establish a vendor scorecard

Involve Merchandising, Inventory Control, Fulfillment and Accounting and set up a vendor scorecard to evaluate vendors. This should include sales, margin, on-time delivery, significant problems, etc. Review it several times a year with the vendors. You may even want to take it a step further and set up a vendor recognition program for the top vendors.

5. Visit your top 20 vendors now

Strengthens relationships. Include at least the Merchant and Inventory Control Buyer. Involve vendor's senior management as well as yours. Have an agenda about your company's direction, needs and expectations.

6. Manage your vendors

Insist on costs, terms, and conditions with vendors that make sense for your company. It is your responsibility to look out for your interests, theirs to look out for theirs! Develop vendor compliance and charge back policies to enforce compliance.

7. Negotiate terms

Arrange and pay 2% 10Net60 with all domestic vendors.

8. Provide limitless access to information systems

Inventory Control Buyers must have laptops and VPN access to all tools. Pays for itself quickly and frequently.

9. Invest in systems
Provide Inventory Control Buyers easy, efficient, accurate, and timely access to data. Ongoing training, report requests, modification requests should be a management priority. This group spends more money than any other. Support them!
10. Invest in inventory control staff
The Inventory Control Department manages the largest balance sheet asset in the company. Hire and retain strong people, provide them tools, have high expectations of them, then reward their solid performance well. Should you have a different organizational structure?
11. Consistent forecasting philosophy
Be sure all categories and SKUs are forecast using consistent methodology that fits your organization. Challenge it often.
12. Review, recite, retain key data
IC Buyers MUST know their category and vendor inventory levels, turns, SKU count, and GM \$ and %. More importantly, understand the impact of their actions to these metrics and to the business.
13. Clear a day's-work-in-a-day
Ensure timely and accurate data across the organization by demanding all receipts, put away, invoices, PO acknowledgments, orders, (all business transactions) are posted daily.
14. Renegotiate (always)
New PO's for in-season replenishment of items selling over forecast are due better costs. Ask early and assertively for RTV and/or mark down money for poor performers.
15. Liquidation
Is your company aggressive enough in identifying potential overstocks and putting them into one of 15 different methods used in multichannel companies? Reduce slow selling stock as close to in-season as possible to gain a higher cost recovery.
16. Inbound freight
Have a qualified consultant perform a freight audit to see what additional savings can be gained. Join a freight consortium to maximize savings.
17. Importing
Imported products now represent 50% to 70% of all products in many companies and they give a considerably higher initial mark up and maintained margin. Is your staff managing this inventory effectively? They require longer lead times and higher vendor minimums, which can lead to higher inventories and slower turnover.

11 ways to plan for, select and implement effective multichannel business systems

F. Curtis Barry & Company has improved the effectiveness of multichannel businesses by assisting companies in defining user requirements, final system selection and project management of the installation of the multichannel business systems. Clients include The Metropolitan Museum of Art, West Marine, Cabela's, Cheap Joe's Art Stuff, Revival Animal Health,

Campmor, Abercrombie & Fitch, Anthropologie, The Vermont Country Store, Sport Endeavors, 1-800 Flowers, Tiffany & Co. and Neiman Marcus Direct.

1. Project planning

Proper project planning and the appropriate staffing to support large complex implementation is one of the most critical aspects to reducing unnecessary risks, delivering the application on time and within the budget. A qualified consultant can either project manage or assist your staff in this critical activity.

2. Post implementation audit

At conversion, companies typically use 25% to 35% of a new system's function effectively. Audit the implementation 30 to 60 days after conversion to evaluate what the software vendor still has not delivered; audit your staff's responsibilities; itemize how additional training can improve system use; what additional functionality should be scheduled for implementation, what data conversion problems still exist, etc.

3. Return on investment

Understanding how applications will achieve an acceptable ROI will assist with the justification of new applications. Measure the expected or planned ROI against the actual ROI for both savings and intangible (soft) benefits.

4. Enhanced management reporting

By developing more targeted reports of key metrics and benchmarks, management will be able to stay in touch with what's happening across the enterprise. Develop key performance indicators (KPIs), corporate dashboards and effective reporting for each function or department.

5. Enhanced systems integration

By developing more detailed integrations, manual processes and lack of data between systems can be eliminated, thus reducing errors and bottlenecks and decreasing expenses. Enhanced systems integration will also decrease the need for redundant data between applications.

6. Get more from your computer application

There is always personnel turnover, or companies lose key users of applications. Identify departments and individuals that can benefit from additional training. This will allow you to set up educational programs to address their needs and the company gets improved productivity and analysis.

7. Single source of data

This goes hand in hand with enhanced systems integrations. By reducing the number of times data has to be replicated in various systems, companies can reduce overhead and the potential for errors in redundant data.

8. Contract programmers

Where applicable, this can help reduce the costs of critical enhancements to applications. It can be difficult to find qualified people to hire, in which case, contracting with IT/programming professionals can be more cost effective than attempting to hire programmers.

9. Software As A Service (SAAS)

SAAS models can allow companies to reduce the initial investment necessary to implement and maintain applications. By not having to invest in hardware or staffing to maintain an application, companies can reduce their IT expenses. Typical SAAS models place the responsibility of hardware and software maintenance and upgrades with the vendor, reducing staff and expenses. A company only owns usage rights while contracted and does not own licensing rights to the product.

10. Outsourcing

Multichannel businesses have the option to outsource the hardware with various companies in order to reduce staffing and maintenance related expenses. Companies can choose to outsource their existing hardware or shift their applications to new hardware at the outsourcing facility.

11. Use of consultants for development

Using outside consultants and programmers for application development can reduce long term expenses. In addition, outsourcing programming and application development can reduce the need for recruitment and retention of qualified programmers.