



Complexity can creep up even in small organizations; taking a step back and understanding end-to-end processes can lead to drastic benefits

An equipment manufacturer and service provider growing through multiple sales channels

RentCo is a company that manufactures and rents equipment and consumable supplies for both commercial and residential customers. Starting out in retail stores, it added its own online channel and also started to support its retailers' online businesses. Orders and requests could come from its own consumers, its area service representatives, retail stores, the retail store's consumers, the retail store inventory management organizations, and an array of independent dealers and repair shops. As customers and channels grew, RentCo added people, processes, organizations, and technology to support its expanding network. However, the result was six organizations across multiple locations that unknowingly had overlapping responsibilities and activities. Some of the organizations reported to Finance, others to Sales, and others to Operations. This was all in addition to outsourced customer service providers in Asia and Europe. Complexity had crept in without RentCo realizing it and now customer service levels were suffering while costs were rising.

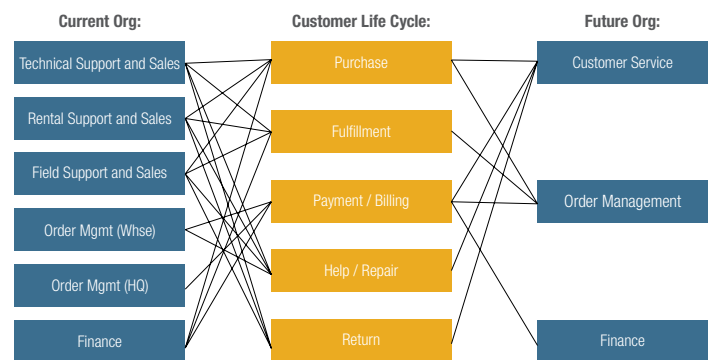
Identifying the biggest complexity drivers

Complexity increases as the number of products, processes, and organization (infrastructure, departments, offices, etc) in a business increases. As the number of potential interactions grows exponentially with additional complexity, so too do the costs. In the case of RentCo, organization and process complexity were the primary culprits. When the company added sales channels, it also created redundant, overlapping, and disconnected processes, roles, and accountability. The split of responsibility between departments, all representing customer service, led to back and forth handoffs and a poor customer experience. Only by understanding the end-to-end processes for order-to-invoice and issue-to-resolution was this process complexity and organizational complexity made clear.

Tackling process-related and organization-related complexity drivers

RentCo clearly saw how technology could drastically improve processes by automating manual tasks and reducing headcount. They also saw some opportunities to improve processes within and across departments. However, streamlining these processes wouldn't provide much benefit on their own because many

of the process-related complexity drivers were also drivers of organizational complexity. For example, RentCo had several departments performing the same type of task, which resulted in unnecessary handoffs. Process improvement wouldn't yield the same result as reassigning the duplicate activity and eliminating an instance of it. Once RentCo took a step back to redesign their organization, they were able to see drastic benefits.



Once RentCo took a step back to address process-related and organization-related complexity drivers, it was able to streamline activities and roles across its organization

Results:

RentCo cut its costs nearly in half by tackling process and organization complexity together.

Complexity can creep up even in small organizations, driving up costs and eroding profits. To learn more, contact us at contact@wilsonperumal.com