**Case Study 1: Customer Perception Management improvement project**

**Situation**

Customer Service was perceived to be more expensive than competitors and the last Advantage Survey showed moderate and worsening performance (mid-tier) against its peers.

**Project Objectives:**

* Meet increased customer service expectations and thereby improve the Advantage Survey results
* Eliminate non-value add activities to reduce basic transactional costs and enable improved focus on collaboration and trade relationships

**Approach**

* Map and evaluate in-scope processes within the context of best practice for FMCG Companies operating in the UK Grocery sector
* Develop a best-fit alternative that:
	+ Meets the defined needs of its customers (internal & external)
	+ Matches / betters good practice in UK grocery for major manufacturers

**Desired outcomes**

* Minimum non-value adding resources internally allowing for investment in service levels and current out-of-scope capabilities
* A hand-over to the customer that minimises potential waste through the balance of the supply chain

**Initial Findings:**

Benchmarking vs. competitors highlighted that many processing steps were inefficient and the level of intervention required to fulfil an order was a major area of competitive disadvantage.

The customer experience map highlighted the inconsistent quality of internal communication between functions. This often led to more than one, often inaccurate, explanation to retailers thus undermining supplier credibility. As a consequence, retailer negotiations ended up focused on supply issues and this, in turn, limited the opportunity to discuss strategically important issues including collaboration.

**Next steps**

These insights brought into focus the impact of having a non-aligned process and leant weight to the need to understand at a detailed level how the individual roles and functions interacted to fulfil an order.

The subsequent process mapping exercise exposed the hand-offs, work-rounds and disconnects within the order process that required Customer Services to intervene, often to patch up a string of broken processes to enable an order to be fulfilled.

By challenging the key processes and system integration we were able to identify the causes of intervention and establish the true cost of processing an order.

Evaluating which processes were Non-Value-Add (NVA) and Value-Add (VA) and clarifying the responsibilities for each sub-process enabled the development of a series of initiatives which

* improved the speed of processing
* enabled the supplier to offer reduced order lead-time requests and
* reduced levels of manual intervention.

At the end of the exercise the client understood how to deliver a more responsive supply chain:

* Improved the timeliness of processing and release of orders for picking and delivery
* Provided clear rules for “Available To Promise” to become an effective allocation tool, rather than a sales prevention challenge
* Introduced the proactive management of stock to optimise on-shelf availability and manage constrained supply
* Realigned processes with other functions: Customer Supply, Export, Demand Planning and Customer Management
* Embraced the inter-dependencies of internal processes and the criticality of correct data e.g. product codes, “Ti-Hi”s, prices, dates on planning schedules. These must be accurate from the outset and products cannot be launched without it.

**The project delivered**

* Direction, strategic context and the business case for change to revise processes, behaviours and systems. These changes included:
* Process re-alignment, clarification of responsibility and business rules between all functions who impact the order, enabling faster and more accurate decisions to be made
* Automation (EDI and POD Matching) of NVA activities to eliminate waste and duplication
* System improvements to align data transfers, automate processing steps, embed re-defined business rules and improve visibility of critical information to enable better decision making
* Transparency of the costs associated with processing and a clarity of responsibility to allow the sharing of tasks across functions

**The impact of these changes on performance since the project:**

* CSL improvement overall – process is leaner, more proactive and forces the need to manage decisions in advance.
* Operational performance –more timely and efficient order processing and clearer communication of better quality information to retailers
* Proactive issue management - S&OP team managing constrained supply up front providing guidance on allocations and re-supply. Few un-notified issues and less problematic when they do occur
* CS members more confident in giving information and Customer more trusting of information given
* Manage customer expectations better; focus on what can be done, not what cannot
* Overall relationship improvement, better visibility of issues and resolution, more proactive management with retailer and able to devote more time to ‘strategic’ issues and collaboration

**Realisable benefits**

* Reduction in resources – automated and aligned processes has reduced resources by 1/3rd
* Reduced order lead-time – introduced D1 for D2 without service reduction
* Cost neutral 7 day processing and establishment of clear principles and terms with customers
* Improved collaboration on major events – better communication and management of promotional events incurring less waste, and reduced on-cost
* Improved Advantage Survey results seen within 12 months

**How would you sum up the project?**

Shines a light on the processes, de-mystifying the cross-functional inter-dependencies and clarifies the responsibilities and required behaviours to improve performance quality and cost.

Puts facts against the inefficiencies to prioritise areas for improvement and allows determination of the functionality required of systems to automate and align processes.