Case Study
Business Process Re-engineering
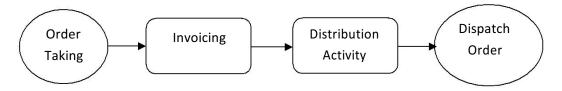### *Effex Business Solutions Pvt. Ltd.*

Company Type: - Sky Shopping/Direct TV
Opportunity: - Cost of distribution
Scope of study:-

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 ⎛ Order  ⎞      ⎡          ⎤      ⎡ Distribution ⎤      ⎛ Dispatch ⎞
 ⎝ Taking ⎠ ───▶ ⎣ Invoicing ⎦ ──▶ ⎣  Activity    ⎦ ──▶ ⎝  Order   ⎠
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At **EFFEX** we follow very simple approaches **LEARN, IDENTIFY** and **PROPOSE** and we did the same thing to help our client get the best solution.

Any process improvement effort at **EFFEX** goes though the following stages

1. Road Mapping
2. Process Evaluation
3. Training
4. Coaching

Road Mapping:-

Typically during this stage our job was to listen and only "LISTEN" to what the client had to say and how best did the people managing the show describe the opportunity.

We first got introduced to the who's who of the company and took our first dip into the company's hierarchy. We then got ourselves educated on the two distribution channels the company had employed

1. Couriers
2. Distribution Partners

Distribution Partners were considered to be a better channel as they ensured that the product reaches the customer even if it took them several visits. This was because DP's get commission on every sale and that's the only mode of revenue for them. Incase of couriers the distribution expense was high as they charged even if the product was returned. This ideally meant a charge to take the product to the customer and a charge for bringing it back and a charge to keep it in their warehouse until it's brought back to the clients warehouse

The obvious question was why not use DP's for all dispatches. Whilst the company was in the process of appointing DP's in the country it was not going to happen overnight and therefore a need to study the problem and see alternatives to reduce the distribution cost. Assumption was reducing the returns was the only way to reduce the distribution cost....

And the question was **How**?

We had to study two things:

1) What lead to return of goods?
2) How can we reduce the cost of distribution even if the returns remain same?

Process Evaluation: -

In this stage our consultants interview people involved in the process under evaluation. We love to be the product or the application or the order and travel though different desks to experience what is happening. How? And why?

We interviewed the Manager, Supervisor and the Staff. A detailed process map was drawn which helped us understand what was going on from a helicopter view.

We figured out three key areas that needed work:-

1) Calibration – The process followed and visualized by the management was not the same
2) Exceptions – Too many exceptions were made, which ideally meant what's happening with some orders was only known to the person making the exception. This also lead to increase in the dispatch time
3) Handoffs – Unnecessary handoffs which lead to work being transported from one dept. to the others. This obviously added to the dispatch time

Whilst we were doing this, we were also digging into various reports and tracking mechanisms. Every business needs that to draw intelligence from. We learned that:-

1) The tracking mechanism and the reporting needed to be more robust which could allow the management to take early signals of the performance and course correct.
2) On the improvement front we combined a couple of reports to draw an aging analysis, basically after how many days the order actually gets rejected. As most

of the customer purchase was on impulse it was important to know the time within which the impulse impact dies down.

Now that we knew the aging we knew the target number of hours within which we had to dispatch the product to the customer.

Analysis

We now put the process maps and the reporting data together. We focused our efforts on reducing two aspects

1) Handoffs (work moving from 1 dept to the other)
2) Manual Decision Box's (decisions that were taken based on experience and not pre-defined parameters)

At every stage we looked at the impacts by

1) Reviewing the reports and trackers the client had
2) Lobby Review – walking the manager through the thought process

Recommendation

Our recommendations were based on **Facts** and not on gut feelings. We always say experience gives you structure; one should use the structure to take a decision.

Recommendations were three folds

> Re-design the Process
> Role Clarity
> Governance

Our efforts with redesign helped

1) Remove handoffs thereby impacting the time taken for dispatch
2) Set robust decision making parameters which enables right decision and avoids exceptions
3) Calibrate, as all the processes were handed over to operations and were to be used as Standard Operating Procedures

With removal of handoffs old roles were dissolved and the client had an opportunity to use them for more sales

EFFEX
The right way to do it.

Strong reporting and reviewing mechanism was designed to help the client with the process health indicators to take quick and fact based decisions.

Our client started implementing the recommendations and was very satisfied to know the results:

- DP - Dispatch time reduced to 6 hours from 48 hours
- Courier – Dispatch time reduced to 24 hours from 72 hours
- Client warehouse dispatch frequency improved by 100%
- Rework of 1000+ orders reduced to zero
- Orders on hold due to no stocks average worth Rs, 612000 were now getting processed
- FTE Savings of worth INR. 5,52,000/- per annum

At **EFFEX** we believe having a robust **Business Process** is like wearing a well ironed shirt on your presentation day.

Connect with us at **business@effexway.com** if you would like to beat your competition.

Hire us before they do!

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The right way to do it.