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PROVIDING SOLUTIONS FOR PEAK PERFORMANCE

Topic - Power of implementing LEAN Strategies

As company's scale and realize rapid top-line growth; underlying organizational, process and system inefficiencies proliferate and can adversely impact the bottom-line. During these rapid growth phases, companies are so focused on servicing/supplying new demand that leadership doesn't have the bandwidth to identify and pragmatically address internal pitfalls. Often, the quick solution is to simply add more human resources to meet the demand, however this seldom leads to bottom-line sustainability particularly in highly cyclical industries.

Not only are these inefficiencies inhibiting EBITDA expansion, the cumulative effect can stagnate and limit future growth opportunities. It is pertinent to adopt a LEAN and continuous improvement mindset to mitigate these growing pains and provide for a true sustainable growth path/plan, as the company continues to mature and grow.

So, what is LEAN? To start with, the basic premise of lean emphasizes the true value stream in the eyes of the customer, i.e. what does the customer see as value? Anything that doesn't add value from the customer's perspective can be classified as waste.

While adopting LEAN principles, it is imperative that the culture of the organization evolves from a reactive to a preventive/continuous improvement state while empowering the workforce from top to bottom. Allowing each level of management to make proactive changes will perpetuate a bottom-up cultural impact along with a positive impact to EBITDA.

Racca Solutions Group has a vast network of resources who have successfully adopted and incorporated transactional and operational LEAN principles in many different industries. Our LEAN analysis is holistic and pinpoints any/all areas of potential improvement as it relates to people, process and technology.

Our process not only provides strategic and tactical plans, we also seek to educate all levels of management during the lean identification, planning and implementation phases; this helps build a sustainable, continuous improvement culture within your business that will support future growth initiatives.

Case Study – Claims/Call Center Lean Analysis

Situation Analysis: RSG was sourced to facilitate a lean analysis on a local automotive parts distribution call/claims center. The department was divided into two sub-groups which executed on different functions: Claims and Critical Parts. As part of the analysis, a current state evaluation was conducted to understand each groups' responsibilities/duties and the underlying processes that drove demand internally

Improvements: During an extensive current-state analysis of a local automotive parts distribution call/claims center, we discovered a vast array of waste which included the following:

- Segmented processes and numerous internal handoffs which resulted in un-even and partitioned work loads
- Inadequate training led to knowledge segmentation within each department
- Duplicate data entry; manual processes used within multiple systems
- Information gathering to effectively process a claim was inefficient and parsed between multiple reports/applications
- Numerous peak/valleys throughout the work day; idle time was evident during observation
- Dealers submitting claims had to call/email multiple times; many were not aware of the process for submitting claims; convenience was a main driver
- Upstream processes (batch loading/shipping) have increased the number of claims year over year; Racca recommended a root cause analysis for claims submissions (damaged/defective pre-shipment to the customer) – to determine what is driving the increase in damaged/defective product
- Inventory liability, as it relates to miss-shipped products, was an uncontrollable issue

Results: We documented tact times for each of the high-volume processes to determine the true resource requirements. Based upon observations and statistical calculations, it was concluded that if both groups were cross-trained effectively along with improving the processes and technology infrastructure, the consolidated group could run with 3-4 FTEs decreasing overall overhead costs up to 50%.