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CASE STUDY: 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.

NECESSARY IMPROVEMENTS IDENTIFIED:

The discovery process yielded some compelling inefficiencies, which included the following:

a. Inadequate training led to knowledge segmentation within each department
b. Numerous peak/valleys throughout the work day; idle time was evident during observation
c. Segmented processes and numerous internal handoffs which resulted in un-even and partitioned work loads
d. Duplicate data entry; manual processes used within multiple systems/applications
e. Information gathering to effectively process a claim was inefficient and parsed between multiple reports/applications
f. The dealers submitting claims had to call/email multiple times; many were not aware of the process for submitting claims; convenience was a main driver of behavior
g. 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
h. Inventory liability, as it relates to miss-shipped products, was an uncontrollable issue

OVERALL RESULTS:

RSG documented takt times for each of the high-volume processes to determine the true resource requirements. Based on the inefficiencies noted along with the underlying factors limiting resources, (PTO, company holiday's, etc.) it was clear that between the two groups, only five (5) resources were required instead of the current six (6) to process demand in the current state.

A pragmatic roadmap was provided to reduce the required headcount further by driving efficiencies between the two groups. Based upon observations, calculations and execution of improving process/technology inefficiencies denoted above (systems/reporting consolidation, process improvement, etc.), the consolidated group can effectively manage demand with only 3-4 FTEs; thus, decreasing overall overhead costs up to 50%.