



BUSINESS ADVISORY A CASE STUDY



The Client

Industrial services company serving the power generation industry.

Issues

Undocumented work processes, lack of effective communication and delays in customer billing.

The problem

Formal documentation of the current business processes did not exist and there were no formal “business rules” that set a framework for conducting business. There was a very informal business structure in the sales department and a less than optimal communications process between departments.

Critical customer requirements were not consistently communicated through the organization, incomplete records of completed work resulted in missed billing opportunities, and the lack of formal checklists designed to communicate work activity resulted in rework, inventory errors, or production errors.

The lack of clearly documented customer requirements resulted in a delay in preparing and issuing the customer invoice. In several cases, billable services were omitted from the supporting documentation and were subsequently not billed and had to be re-invoiced later. In other cases, the customer refused to pay for the subsequent billing because it was not part of the original invoice.

Inconsistent work practices throughout the organization resulted in a skills gap between the main facility and a second remote facility. Customer orders placed at the remote facility could not be produced due to this lack of skill and knowledge. Therefore the main facility had to produce the material and ship it to the remote location. This added to both the customer lead times and increased transportation costs.

Our Approach

Schneider Downs met with each department and developed a series of process flow charts that clearly tracked the flow of both information and customer requirements through the organization. The flow charts identified steps in the process where communication between departments was critical.

As a result of the process flow charts, Schneider Downs assisted the client in developing a series of checklists that were to be used to complete each phase of a project from sales order entry, to operations, through manufacturing and to accounting. These checklists required that all critical project documentation and customer requirements were completed before the task was completed and moved to the next department.

Schneider Downs also aided the client in developing a more formal “business climate” in the sales department by implementing a weekly sales meeting agenda designed to communicate new work requirements and any changes to the existing work schedule. New projects and changes to existing projects were then communicated to the rest of the organization.

A daily “update meeting” was initiated between the manufacturing, operations, and shipping departments. This meeting allowed each group to share changes in priority or changes in the schedule so lapses in customer service could be avoided.

A long-term training plan was developed in order to improve the capabilities of the off- site locations. When completed, the off-site locations will be self reliant and capable of producing the required materials to satisfy customer demand.

Continued

The Results

As a result of implementing the solutions above, the following results were noted:

- The number of delayed customer invoices has been reduced as a result of better compliance to the work processes, utilization of the checklists, and better communication.
- With improved project tracking and more formal reporting of completed work, the number of missed billing opportunities has been significantly reduced. The checklists have forced field personnel to sign-off that all work has been completed and that additional work has been properly approved and documented.
- The entire organization has a better understanding of how work moves through the organization and the importance of improved communications.
- More clearly defined customer requirements are documented early in the sales process and are formally communicated to the rest of the organization.