



Issue

Errors are being made in the ordering process with the customer receiving the wrong product or too many products. Administrative Processing Errors represent 50% of the non-defective product returns

Breakthrough Strategy

- Measure** Members of each functional area were interviewed to understand the ordering process. An Attribute Gauge R&R was conducted at the Call Centre point where a customer rings for a return authorization. Amongst other things, Credit Return Error Codes are allocated to Customer Returns. The system of allocating codes was found to be deficient. New Defect Data Collection Sheets were introduced and the Data collected and categorized into 1st and 2nd levels of reasons for return.
- Analyze** The Categorized data was subject to Chi-Squared Tests to validate data concerning differences by Sales Region, Representatives and Ordering System. Differences were found to be significant by Ordering System.
- Improve** Changes were made to the processing of customer orders to check for a range of conditions that resulted in too many products being provided., the main Supplier Controllable Error
- Control** A simple control system was introduced to review all orders received the previous day. New Procedures were introduced for the assignment of Credit Return Error Codes at the Call Centre
- Results** In the first 12 weeks after implementation in one sales region, 32 Sales Orders were identified duplicates for a total of 139 line items
- Savings** \$308,000 USD for one Sales Region on an annual basis representing the value of stock that was produced but not required by Customers