

Case Study

Reducing late deliveries of furniture and home appliances



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Project background

A large home shopping organisation experienced excessive complaints and cancellations because of late delivery of furniture and home appliance consumer goods despatched direct to consumers from its suppliers. Over 50% of customers for direct despatch deliveries were being given incorrect delivery messages by call centre staff at time of order placement.



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Problem

Customer cancellations of direct despatch furniture and home appliances orders exceeded \$32M as 37% of deliveries missed the original promised date. A six sigma project team was set up.

The team discovered numerous issues. Customer orders were delayed in getting to the supplier. There were no reports detailing how long orders took to get to the supplier, and no reports existed detailing actual supplier performance. There were no service level agreements in place with suppliers for delivery expectations. The team found that 8% of orders did not quote a supplier telephone number. Extensive hypothesis testing showed wide variation in the number of days for suppliers to acknowledge an order, often because they had not been informed.

Merchandisers did not update the system with delays so call centre staff were unaware when customers called to progress status. Suppliers were not expected to advise of lead time issues and as average delivery data was used on reports management were unaware of performance specifics.

Solutions

As the problem was widespread the team narrowed their analysis and initial project action plan to work with the top 3 suppliers.

They discovered the 3 suppliers started their clock when the order was put in their system which could be several days after the customer ordered from the home shopping company.

Design and brief guidelines were developed for updating delay details and supplier training on best practice for status and updating of delay monitoring was introduced. Suppliers were required to include promised dates in their systems and reports. Reports were developed to monitor performance against first customer promised date.

A supplier visit process was developed for explanation of new reporting and ways of working. Vendor Manager & Buyers were trained in usage of new system service level agreements and call centre operator screen messages.

Business benefits

A 46% improvement in deliveries outside the quoted delivery date was achieved for one of Europe's leading home appliance manufacturers and for the company's largest direct despatch upholstery and bed suppliers. A new position of Direct Despatch Manager was created and the project action plans were handed over to this executive to replicate the improved process across the product range.