



Driving Up Level of Service

The following case study is based on our experiences in a Fortune 100 hi-tech company.

Problem Statement

Customer Satisfaction was at the unacceptable level of 87%. Customer support requirements were increasing at the same time (rising from an 8 hour delivery model to a 1 hour delivery model) making it difficult to improve let alone maintain Customer Satisfaction levels.

Current vs. Desired State

<u>Current</u>	<u>Desired</u>
87% Local Level Of Availability	96% Local Level Of Availability
8 hour delivery model	1 hour delivery model

Measured Objectives

<u>Starting Point</u>	<u>Big Hard Aggressive Goals</u>
No 1 hour delivery model	Establish a 1 hour delivery model
No metrics to track 1 hour delivery	Create 1 hour delivery metrics
No rapid replenishment model	Establish a rapid replenishment model
No time based escalation process	Establish a time based escalation process
No mission critical parts review	Establish a mission critical part review

Approach Taken

We restructured our 8 hour delivery model to insure material was available from inventory locations that were within one hour of our Customer's location. We then created a reporting metrics to track response time. To be able to provide 1 hour delivery to our Customers, we also developed a rapid replenishment model. In this model, when a part was issued from a Remote Stocking Location, a replenishment part was sent overnight to re-stock the part. We also established an escalation process to notify key personnel if any Customer needs were not being met, so action could be taken to address the issue immediately. We conducted a review of our highest usage mission critical parts and developed a stocking strategy to ensure that Customer requirements were met.

Results Achieved

1. 98% Local Level Of Availability
2. 1 hour delivery model established
3. Metrics tracking report created and utilized
4. Rapid replenishment model created and fully functional
5. Mission Critical parts stocking levels established to meet demands



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Lessons Learned

In understanding the issues surrounding our inability to increase Customer Satisfaction we also had to take into account increasing our response time from 8 hours to 1 hour in order to meet growing Customer requirements. To achieve this we needed to:

- ensure that the Remote Stocking Locations had the capability to deliver the replacement parts within one hour
- have inventory levels set correctly to meet demand requirements
- restock used material quickly to maintain local level of availability
- gain the ability to track our response time to measure our successes and improvement opportunities
- develop an alert process that would also trigger personnel of any failures in response time to limit our customer's downtime exposure

As we established the processes to fill our gaps, we found that the need for accurate metrics was critical to be able to track performance of ourselves and our partners, to be able to communicate issues effectively, and to monitor to ensure that the solutions we put in place were effective. If you cannot measure it, then how do you know what the performance levels are and if corrective action is required? We found out that we did not know what our performance levels were. With the metrics in place, not only did we understand our issues, we revamped our processes in order to achieve high performance and were able to track the positive improvement.