

Applying the Voice of the Customer to Reduce Reverse Logistics Inventory Holding Cost

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OnProcess' Client, a leading global Technology company, recently worked together to optimize their returns process. Here is a case study summary.

The Challenge:

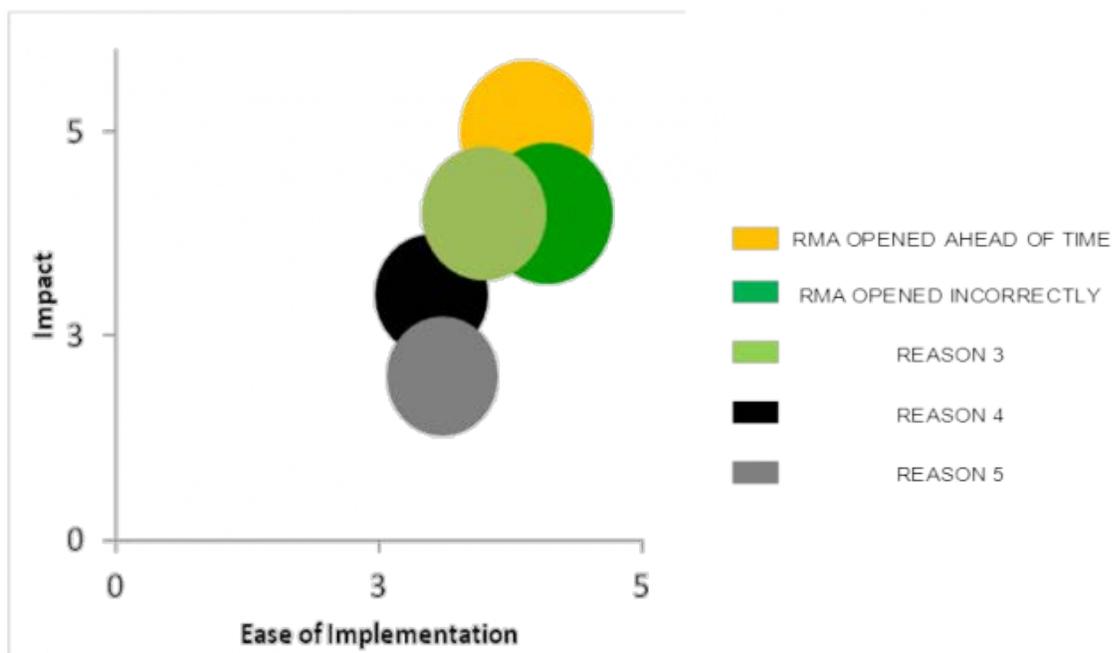
The Client's service parts inventory was increasing tremendously on one hand and, on the other hand, a higher portion of unrecovered assets were nearing write-off.

The Client wanted to maintain customer satisfaction, reduce service parts inventory, decrease write-offs, and improve both recovery rates and recovery velocity.

The Client engaged OnProcess Technology to take on several initiatives. In each case, OnProcess applied Lean Six Sigma and Analytics to gain a wider perspective to try to improve returns.

Let's briefly look at one of these initiatives: an expanded Voice of the Customer (VOC) Program.

Approach:



To address these circumstances, a Customer VOC project was initiated to gain the end customer's perspective about possible reasons for delays and non-returns.

Learning:

The top two reasons identified were the following:

1. Return Materials Authorizations (RMA) were opened ahead of time without the customer either planning for or scheduling maintenance. Thereafter, several of these customers requested an extension, typically two weeks, of their due date for returning assets.
2. RMAs were opened incorrectly with wrong or incomplete contact information resulting in the Client holding excess inventory for approximately 30 days in these cases

Effects of the Problem:

1. The Client lacked visibility to true demand and triggered product replenishment tied to false demand signals.
2. Client inventory increased
3. The customer required additional phone support for their returns, including support in handling requests for extensions of the timetable to return assets

Results:

OnProcess projected the actionable Economic Value available to the Client based on the cost of holding excess service parts inventory and the sample VOC data. **The overall annualized impact to Client from the two reasons cited above is \$7.6M.**

Takeaway:

This case example shows how a simple analysis and focused VOC initiative helped a Technology leader to identify actionable opportunities for significant changes to their Reverse Logistics process and for strengthening their overall Service Supply Chain. [Let us know](#) if you'd like to learn about innovative approaches to optimizing **your** post-sales service operations.