**Organization background**

A traditional shipping firm with operations across more than 50 countries. They delivered shipment management series in a wide range of ports globally while delivering more end-to-end services on strategic contracts. Having entered into a contract with intergovernmental organization, to supply food for troops in a war zone, they had onboarded the contract and were having difficulties with payments being delayed.

**Business challenge and opportunity**

The company was facing significant challenges, with invoices worth over $2 million on the contract, not being paid by clients due to claimed non-compliance. The key business challenges faced by the organization were:

- Significant capital was required to fund the cash flow on the contract.
- Food worth an estimated $1 million per year, was been written off due to expiry and mismanagement of supply.

- There were several breakdowns in the information flow up and down the supply chain leading to a continual state of exception management.
- The required inventory levels were not being maintained per the contract with potentially significant additional penalties.
- Invoices worth $2 MM not paid by clients due to contract non-compliance.

BPM-D was asked to provide expertise in rapidly improving the end-to-end order-to-cash process with a principal focus on meeting contractual obligation and reducing the unpaid debt.

**BPM Process Enablement**

BPM-D began the engagement by focusing on key enablers of business process management that can have a dramatic impact on the transparency of the end-to-end process as a lens for highlighting the most significant areas of improvement. This created the structure to facilitate rapid engagement with the business stakeholders across the value-chain.
BPM-D conducted a very quick discovery phase, interviewing 24 key SME(s) in 3 different locations, where they documented the “As-Is” with a focus on making the 17 processes and hand off(s) clear. While doing this they captured 102 issues and weak points in the E2E processes.

This was followed by root cause analysis which identified the 46 key improvement actions across IT, Processes, Role & Skill gaps, Data & Controls.

8 Key priority mini-projects were identified in a workshop session to improve the end to end Order to Cash process. These included:

- Publishing a calendar with dates to clarify billing cycle across all teams.
- Changing the procurement process and system to a pull based ‘Material Requirements Distribution Plan’ approach.
- Clarifying the key data required to be captured on the invoices to avoid rejections.
- Defining key SOP(s) to ensure correct data was captured in the upstream processes; and
- Establishing a communication channel with the client to understand the and cater to the underlying trend that caused demand fluctuations.

These were then prioritized based on an effort v/s benefit. This gave the company a good overview of which work packages to pursue first. The work packages were prioritized into three execution waves.

- **First wave**: focused on resolving key source issues around demand planning.
- **Second wave**: focused on onboarding new skills and processes.
- **Third wave**: focused on continuous improvement.

**Results (Conclusion)**

The Business was able to fix the end to end process and fix the cash flow issue and secure the next contract extension with the client. The write off(s) reduced significantly by maintaining the required stock levels.

Right first time invoices were raised meeting the contractual requirements for 3 consecutive cycles. Immediate changes were identified to improve process alignment across functions with clarity of responsibility and right level of controls.

A few immediate IT changes were identified to improve the supply chain planning process and data.

The initiative also highlighted a significant potential to improve inventory management, which was addressed in a later project.