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Rapid Results!

**How 100-Day Projects
Build the Capacity
for Large-Scale Change**

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Customer Partnering: Rapid Results Across Boundaries

When the success of any one group or organization depends on working more effectively with other groups, a cross-boundary rapid results project can generate the needed momentum. Such projects involve people from different functions or units within an organization. Sometimes companies use these projects to forge stronger links with customers and suppliers for the benefit of all parties.

All the advantages that accrue from a rapid results approach are multiplied when applied to customer partnering—immediate improvements in operations, quicker resolution of customer issues, and better customer satisfaction and relationships. Designing a rapid results project with a customer, however, is a slightly more complex undertaking since it involves mobilizing two organizations in the shaping, launching, and implementation of the project. Success also depends on tapping the hidden reserve and overcoming the barriers to performance improvement in two distinct organizational cultures.

The following example illustrates how one supplier was able to reach out to a major customer to jointly improve their delivery process and to reduce costs.

Bronson Schafer, senior account manager of U.S. Borax, a global supplier of borate products, was concerned about finding competitive advantages for his basic commodity product—borates.

"It was at a time when many organizations were under extreme pressure to reduce costs," Schafer explained. "Purchasers targeted pricing for their contribution to their company's cost reductions. At the same time, U.S. Borax was carrying out similar cost-reduction initiatives with the hope of a somewhat healthier bottom line; having to adjust prices downward could easily negate those imperatives."

Moreover, Schafer was concerned about retaining customer commitment. One of the company's large customers was particularly dissatisfied with delivery of borate products. So Schafer proposed a partnering effort to improve delivery performance and to reduce costs for the cus-

tom. While the customer's global sourcing manager tended to ascribe the delivery problems to U.S. Borax, he was willing to go along with a first step, at least. He was pleased that U.S. Borax was willing to take some initiative on the issue.

The first effort was called the "materials replenishment breakthrough project." The objective was to streamline ordering, transporting, and replenishment processes to ensure that adequate supplies of borates were available at customer sites at all times. Such a project, if done in the traditional way, would have involved five or six months to conduct a study, another six months to gain customer approval, and then endless months for implementation. Instead, U.S. Borax and the customer decided to try the rapid results approach to get the project under way quickly.

Within a week, a joint team was formed to work on this project. The customer's team consisted of representatives from Purchasing, Transportation, Quality, and Operations; the U.S. Borax team came from Distribution, Transportation, and Quality. Co-leaders from each organization were given a written assignment from Schafer and the customer's sourcing manager that outlined the objectives of the project as mutually agreed by both companies.

"This kind of work demands resources from both parties," Schafer said. "On one hand, a greater sense of value is appreciated when both invest equally. On the other, and perhaps more important, there are things we can only accomplish together." The main ground rule was that any action by the joint team had to benefit both the customer and U.S. Borax, the supplier. Projects had to be win-win for both companies.

The team launched their work a week later. As members shared their internal processes with each other, there were a number of surprises. For example, the U.S. Borax people had not been aware that at any given time four to five of their railcars, fully loaded and idle at the customer's site, were being used as just-in-case inventories by the customer even when their silos were full. Similarly, the transportation groups found out that they were both expending a lot of time and effort in tracking the same railcars across the network with the various railways.

The team decided to focus initial attention on the long transportation cycle time that was causing delays in deliveries. The first breakthrough goal was to reduce the transportation cycle time to one of the customer's sites by 25 percent. They committed themselves to achieve the goal within three months. This meant reducing the cycle time from twenty days to fifteen days from the time a railcar was loaded at Boron, California, to the time it was unloaded into the customer's silo in the Midwest.

With this goal in mind, the team analyzed the bottlenecks in the transportation process and brainstormed ways to improve the flow of railcars through the network. For example, one of the major bottlenecks was near the customer yard itself, since these shipments involved handling by two railroads, Santa Fe and Union Pacific. The joint team developed a detailed work plan to combine their resources and expertise to resolve the transportation issues with the railroads. They developed new procedures to ensure that railcars, once unloaded, were returned quickly by the railroads to U.S. Borax. The net result: the transportation cycle time was reduced by the planned 25 percent—and in a month and a half, not three months.

Following this first success, the team focused next on improving the overall ordering and replenishment process at this customer site. The next breakthrough goal was to achieve specific savings in time and expense in this process for both parties. The teams decided to reengineer the process into a consignment arrangement whereby U.S. Borax became fully responsible for automatically replenishing the silos at the plant.

This arrangement eliminated non-value-added activities for the customer—placing orders, tracking shipments, and processing invoices—as well as reducing paperwork from these activities. It also eliminated the need for both companies to do tedious quality inspection and testing for each shipment. And U.S. Borax was relieved of the need to prepare Certificates of Analysis and invoices. Borax's team expanded to include production planning, information technology, legal services, and accounting to help build the supporting systems and infrastructure to make the consignment process work effectively. They piloted the new

consignment system at this one site and then rolled it out to the other sites in North America.

This breakthrough project generated savings of hundreds of thousands of dollars annually for both organizations. The customer was no longer burdened with inventory costs and ordering expenses. The improvements to the supply process enabled U.S. Borax to free up at least twenty-five railcars (the ones that typically sat idle in the network under the original system) for other customers. In addition to these tangible savings, a new relationship of mutual trust and respect emerged from successful collaboration between U.S. Borax and this important customer.

As Bronson Schafer put it: "This collaborative work helped U.S. Borax and our customer to focus on delivery and excessive costs incurred in each transaction. Additionally, technical teams worked together to reduce waste and improve productivity in their plant operations. This customer partnering program was brilliantly successful and proved to be a seminal moment, in that we have expanded the offering to a broad spectrum of customers who see value in it. It has become an important feature of the way we do business with our customers."

This case illustrates how all the criteria described in Chapter Three need to be carefully built into the design of a rapid-cycle project for customer partnering. As with projects carried out within a single company, joint projects must

- Provide a clear benefit to everyone involved.
- Have very clear accountability for success.
- Focus on a real measurable result.
- Encourage careful planning and execution by the team.
- Encourage experimentation and new ways to work together.

That's the winning combination in hard business areas. But it also works in soft areas as well.