

# Print & Mail Operations

CASE  
STUDY

## Lean Fulfillment and Payment Operations

### Cost Cutting for Competitive Breakthrough

#### Situation – How to reduce order fulfillment cycle time through lean management

The relentless decline of print media forced the publisher's print and mail division to seek more outside customers. But competitive survival demanded a breakthrough cost cutting effort. A recent upgrade in plant equipment promised to digitally deliver process improvement and increase productivity. And an internal, lean improvement team implemented kaizen methods. Nothing was delivering a competitive advantage.

An executive received a copy of The Lab's handbook of key performance indicators (KPIs). When the senior leadership team reviewed The Lab's non-technology process improvement templates, they saw how to achieve their cost cutting goal of 30 percent.

#### Client Description, Project Scope, Objectives

The company provides global print and mail services focusing on the marketing process, from promotional mail campaigns, through order fulfillment, billing and payment processing. Management wanted to expand beyond this traditional marketing operations segment into higher-margin activities, such as statement presentment and compliance communications. Over 3,000 employees were covered in the scope of the engagement.

The Lab's effort focused first on the knowledge worker productivity in the plant network: capacity planning, scheduling and material management. Within 6 months, the effort increased plant utilization by one-third and reduced unit labor costs by 30 percent. Lean principles cut average cycle time by half. Returns declined by 20 percent.

Implementation began with a 6-week Phase I analysis. This delivered a self-funding, guaranteed 6-month work plan for Phase II implementation. No new technology was required to improve operational efficiency and service levels.

#### Lean Fulfillment Operations Process Improvement Implementation Examples

The Lab implemented 230 non-technology process improvement opportunities. Examples:

**Reduced Sales Errors**—Order processing errors created costly waste: mispricing, inventory destructions, payment delays and disputes. The Lab implemented lean standard work activities for sales entries. Error reporting tracked root causes. This eliminated 80 percent of the sales errors that reduced employee productivity in the production facilities.

**Lean Standardized Plant Management**—The Lab's templates implemented process standardization for most plant management activities. Each organization (scheduling, material management, etc.) was converted into a knowledge work factory with daily productivity metrics for performance. Within weeks, scheduling accuracy improved and machine downtime was cut in half.

**Improved Collections/Customer Needs**—Half of collection disputes resulted from misunderstanding of customer needs. The Lab segmented customers based on their top priorities: timeliness, low cost, customization needs, etc. Dedicated internal service teams addressed each category, applying lean management techniques for continuous process improvement. Dispute frequency fell by two-thirds.

## Top 10 Global Publisher

### Print & Mail Operations

North America

#### Project Sponsor:

##### President, Production/Fulfillment

Non-technology, self-funding operational improvement implementation:

- No new technology
- End-to-end lean process improvement
- 6-month implementation

#### Project Objectives:

- Cost reduction
- Service level improvement
- Lean management

#### Project Scope:

- Retail promotion
- Print operations
- Order management
- Billing & payments
- Reconciliations, disputes
- Collections

#### Implementation Results:

- Operating cost . . . . . ↓ 30%
- Cycle time . . . . . ↓ 50%
- Product returns . . . . . ↓ 20%
- Sales errors . . . . . ↓ 80%
- Break even point . . . . . 4 mos.
- ROI (12 month). . . . . 3X

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