

FACT FINDING

ASSESSOR GUIDE

NextGen/Velocity has been facing an increase in the number of customer complaints across the region. Recent feedback from customers and service centres indicates recurring issues with spare parts availability, leading to delays in vehicle servicing and customer dissatisfaction. As a result, customer complaints have increased by 35% over the last six months.

Analysis of service records reveals instances where vehicle repairs were delayed or incomplete due to a lack of available spare parts.

The challenges with spare parts and inventory management are observed across different service centres and geographic regions within Shashi's / Praveen's territory, impacting approximately 500 service centres.

Root Cause:

Cause	Description
Inaccurate Forecasting	- Factors included in the forecasting calculations of demand of spare parts are insufficient.
Fake spare parts	<ul style="list-style-type: none">- Presence of counterfeit spare parts in the market that often end up getting mixed with authentic parts during distribution.- At present, the mechanisms to differentiate an authentic part from a counterfeit are poor- Usage of fake spare parts further leads to vehicle breakdown, which puts more pressure on the service centres and customer dissatisfaction.
Inventory Management	- Service centres are often seen competing to maintain their inventory levels as their distributors and suppliers are the same.
Inefficiency in supply chain	- Bottlenecks and inefficiencies in the supply chain, including procurement, distribution, and logistics, contribute to delays in replenishing spare parts inventory and distributing them to service centres.
Location of service centres	- Few service centres located in areas of high population density and demand patterns face undue pressure.

Introduction of a new variant: The positive coverage received by this new model from online communities created an organic surge in demands of the 2 wheeler across the region. The forecasting calculations did not account for this surge in demand.

What has been done so far to rectify:

An external consultant was hired to provide recommendations to the challenges being faced by NextGen / Velocity in the region. Seven areas of improvement were suggested, out of which 3 have already been implemented. However, the remaining four areas have some risks associated with them.

The participant needs to get to the root causes, and then reflect upon the impact of remaining 4 areas, to come up with a decision and a plan of action.

Implemented recommendations:

Recommendation	Description
Improved Forecasting techniques	Measures have been taken to ensure that the forecasting calculations to project demand are more accurate and factor in variables that lead to demand surges. Based upon this, the projections for the quarter have been updated. These new numbers are closer to the real demand seen on ground.
Optimized Inventory Management	Inventory policies of various service centres are being looked at and their inventory management systems being reviewed to ensure adequate stock levels while minimizing excess inventory.
Service Network Optimization	Mechanisms have been established to evaluate the distribution and location of service centres to ensure optimal coverage and accessibility for customers, considering factors such as population density, geographic spread, and demand patterns.

These interventions have led to a significant improvement in the inventory of spare parts over the past few weeks. Suppliers and distributors are finding it a bit easier to match the requests from various service centres. Complaints regarding availability of spare parts in service centres has dropped by around 10%, even though the availability of cheap and counterfeit parts in the market is still a challenge.

In addition, there are constraints related to investments and the leadership expects quick returns whenever significant investments are made.

What recommendations are being discussed, and the risks associated:

Recommendation	Description	Potential Risks
Enhancing supplier relationships	Strengthen relationships with suppliers and negotiate favourable terms to improve lead times, pricing, and availability of spare parts.	Could also limit flexibility in switching suppliers or sourcing alternative parts in case of emergencies.
Usage of technology in the supply chain to	- Identify and address bottlenecks in the supply chain, streamline procurement and distribution processes.	Requires training and possibly hiring new talent. This is therefore not a solution with immediate returns and requires high amounts of investment.

streamline supply chain	- Leverage technology solutions such as blockchain and RFID for improved visibility and traceability.	
Centralization of Inventory Management	Centralize inventory management and distribution processes to optimize resource allocation, reduce duplication, and improve coordination among service centres.	Could also reduce the autonomy of regional service centres, potentially slowing down their response to local issues.
Continuous Monitoring and Improvement	Review key performance indicators (KPIs) and monitoring systems to track spare parts availability, service lead times, and customer satisfaction, enabling continuous improvement and proactive problem-solving.	<p>The pressure to meet KPIs might incentivize short-term fixes over long-term solutions, potentially compromising service quality and customer trust.</p> <p>Furthermore, the emphasis on monitoring could create a culture of micromanagement, reducing employee morale and stifling innovation.</p>

Competencies being assessed:

1. Relentless Reflection:

The participant's ability to constantly reflect upon the impact of various incidents and initiatives from various perspectives.

The participant needs to connect the dots to ask successive probing questions.

2. Perseverance:

The participant's ability to get to the root cause of the increased customer complaints of spare parts unavailability.

If the participant reaches a point where there is no obvious way to move forward, then he/she needs to change their approach of looking at the situation.

3. Toughness:

The participant's ability to take a decision and present a plan of executing them which is realistic and aligned with organization goals.

The participant also needs to provide a convincing rationale behind his choices.