SCM 517 Case Study Project

STREAMLINING
GENTECH'S PROPOSAL CREATION PROCESS

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PROBLEM STATEMENT

Over the past two years,

Gentech has experienced an **18%** decline in revenue,

which has been specifically **attributed** to inefficiencies in supply chain processes and an increase in market competition

OBJECTIVE STATEMENT

To enhance operational efficiency worldwide and reduce cycle times by **15%**

PROJECT CHARTER

DEFINE

Proposal Creation Process Improvement at Gentech

Business Problem	The pressing issue for Gentech is the 18% revenue shortfall in the last two years, prompting a concerted effort to unearth and resolve the root causes. The focus is on refining the proposal creation process to boost competitiveness and profitability.
Objective	To trim proposal cycle time by 15% to bolster operational efficiency.
Scope	**In Scope:** Optimization of proposal creation process, cycle time reduction, and root cause analysis of the revenue decline. **Out of Scope:** Wider organizational restructuring, unrelated financial assessments, compliance issues, and matters not directly connected to the proposal process.

Executive Sponsor	Black Belt Champion	Steering Committee	Team Members
Grace Monroe	Jeff Hugh	Manilla Centre Team	Mangesh Patil
			Minjeong Kim
			Shruthi Sunil
			Alok Krishnan

Investments	• Software and hardware assets • Human Resources Development • Data Analysis Tools • Process Improvement Initiatives • Technology Infrastructure • Research and Development
Risks	• Supply Chain Failures • Market Competition • Talent Attrition • Unanticipated Complexities in Processes • External Market Dynamics
Operational Metric	Utilize Pareto and Fishbone diagrams to identify critical factors contributing to the 18% revenue decline. Note that any process exceeding 35 days is considered defective and requires remediation.
Baseline	The existing average time to complete a proposal cycle is 31.6 days.
Target	The aim is to decrease this cycle time by 15%, targeting an average cycle time of little less than **27** days.
Expected Benefits	Reducing the proposal cycle time is expected to bring significant improvements. Gentech's market position should strengthen as cycle times shorten, enabling the company to secure more bids and positively affect overall sales, thus reversing the recent revenue decline and reclaiming market leadership.
Projected Savings	Anticipated savings include reductions in operational expenses, revenue increases due to enhanced competitiveness, and improved efficiency.

Business Problem

Objective

Scope

Investment & RISKS

Operational Metric

Baseline

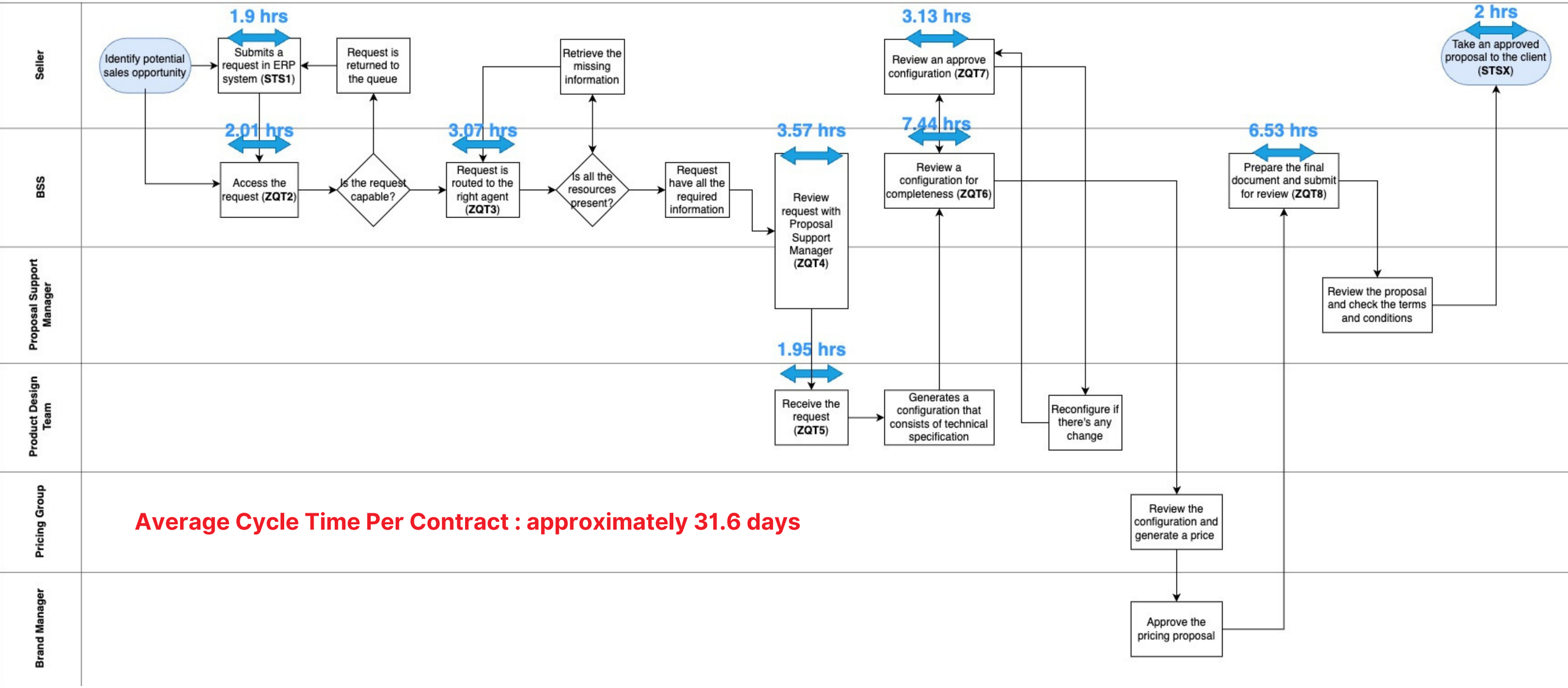
Target

Expected Benefits

Projectd Savings

PROCESS MAP

DEFINE

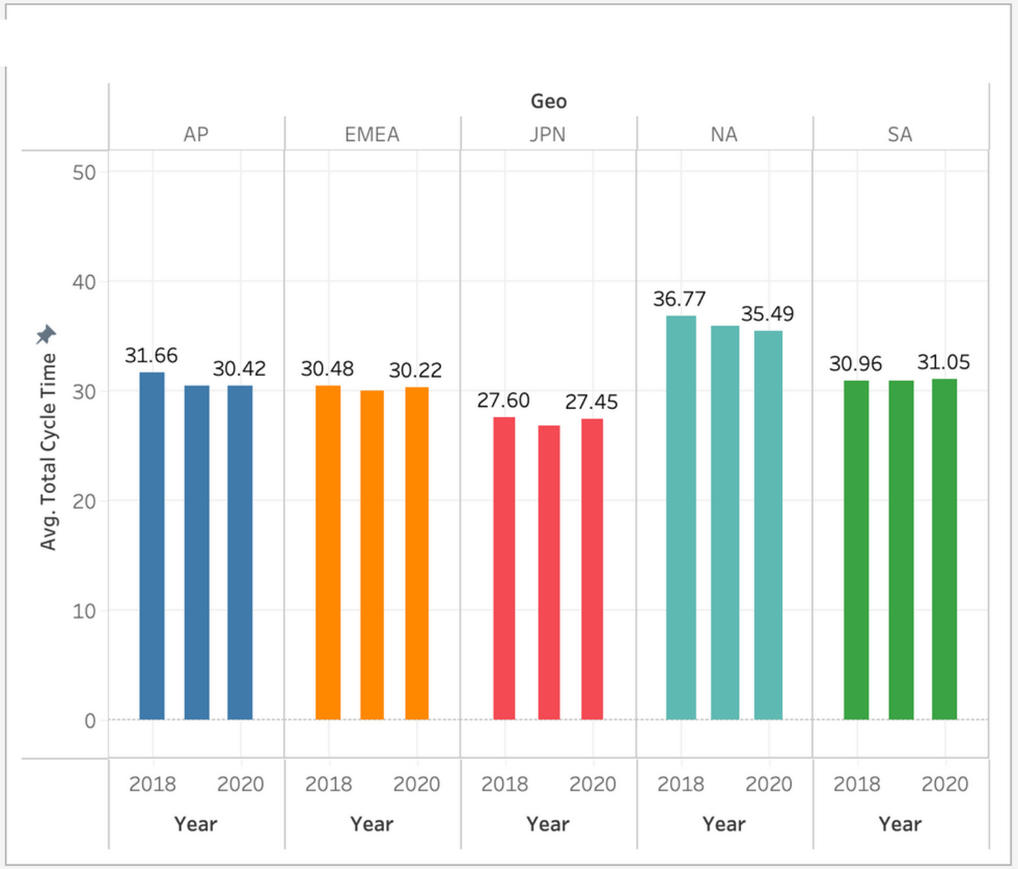


Average Cycle Time Per Contract : approximately 31.6 days

BASELINE

MEASURE

Average Cycle Time for 3 years - 31.6 days



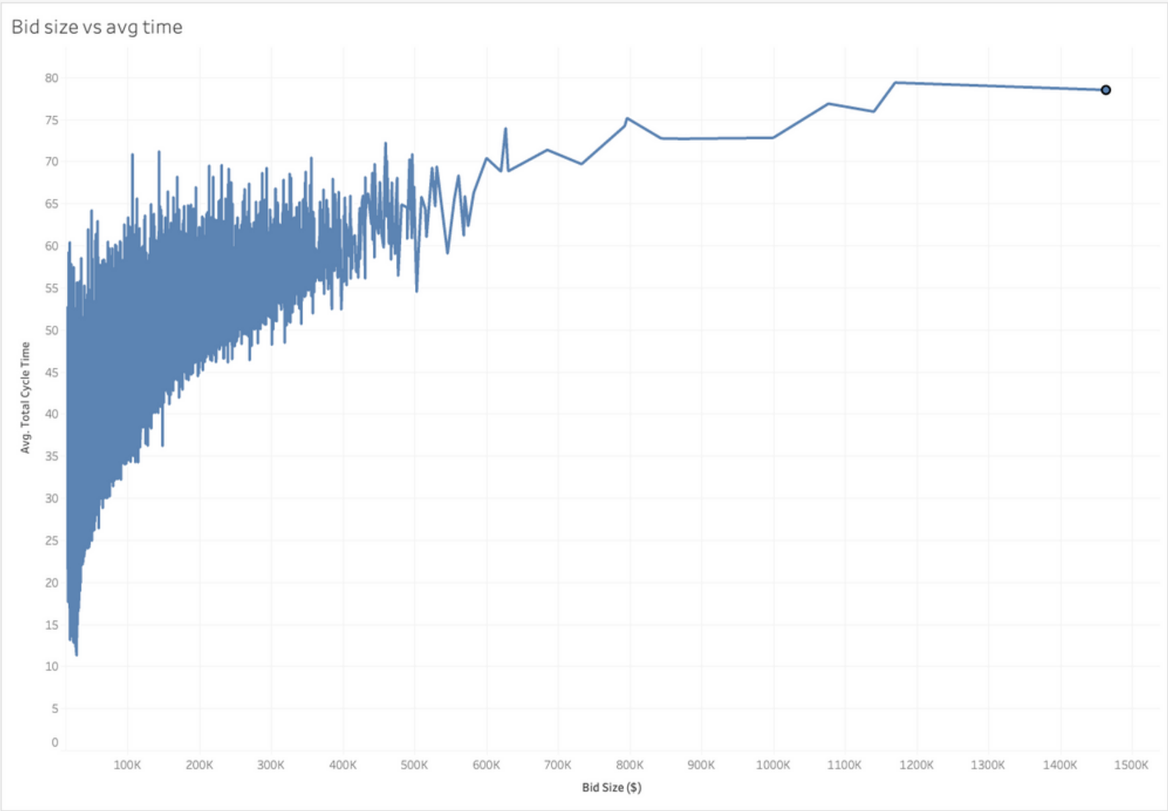
- **Geography**
  - Average cycle time varies by region
    - Longest in NA (North America)
    - Shortest in JPN (Japan)

- **Brand**
  - Average Cycle times: Relatively Uniform

COMPLEXITY VS. CYCLE TIME

ANALYZE

Bid Complexity Impact on Cycle Time



	JPN	NA
Cycle Time	27.5	35.5
Total Revenue	$ 408,627	**4x**
Number of Contracts Signed	3054	**2.5x**
Number of BSS Agent	20	20

- **Direct Correlation**:
  - Higher bid complexity linked to increased cycle time.

- **The larger bid sizes in North America are attributed to a shortage of BSS agents**

DPMO & SIGMA LEVEL

Threshold level = 35 days

MEASURE

DPMO = 281,053

Sigma Level = 2.07

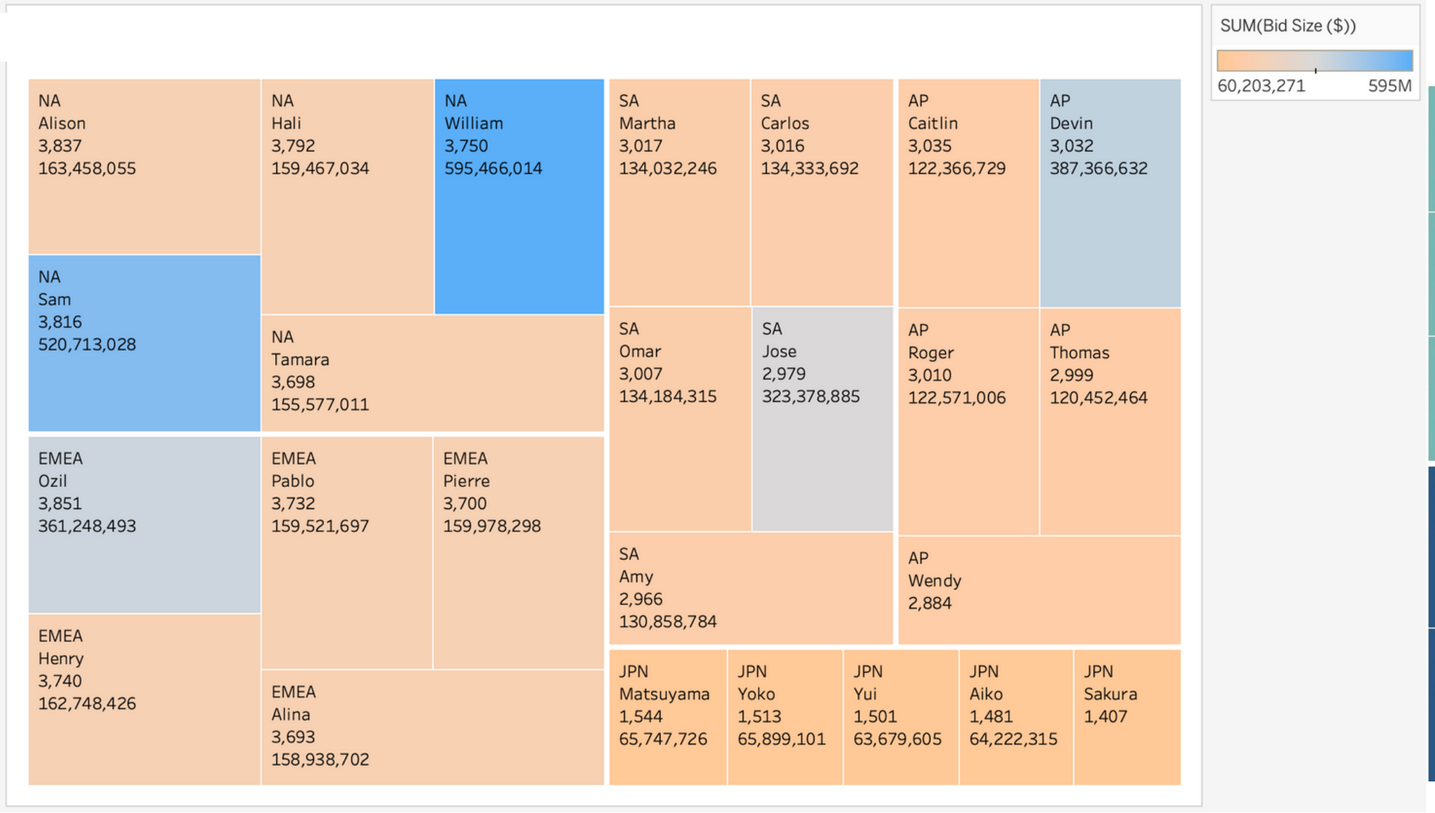
	DPMO			Sigma Level		
	2018	2019	2020	2018	2019	2020
AP	253,940	216,535	233,044	2.2	2.3	2.2
EMEA	254,952	231,078	248,086	2.2	2.2	2.2
JPN	69,742	64,249	73,892	3.0	3.0	2.3
NA	458,904	446,290	434,656	1.6	1.6	1.7
SA	283,597	266,532	272,005	2.1	2.1	2.1

- **Geography**
  - North America: **Highest** DPMO, **Lowest** Sigma Level
  - Japan: **Lowest** DPMO, **Highest** Sigma Level
- **Brand**
  - DPMO & Sigma: Consistent

PERFORMANCE METRICS

ANALYZE

Assessing Seller and BSS Effectiveness



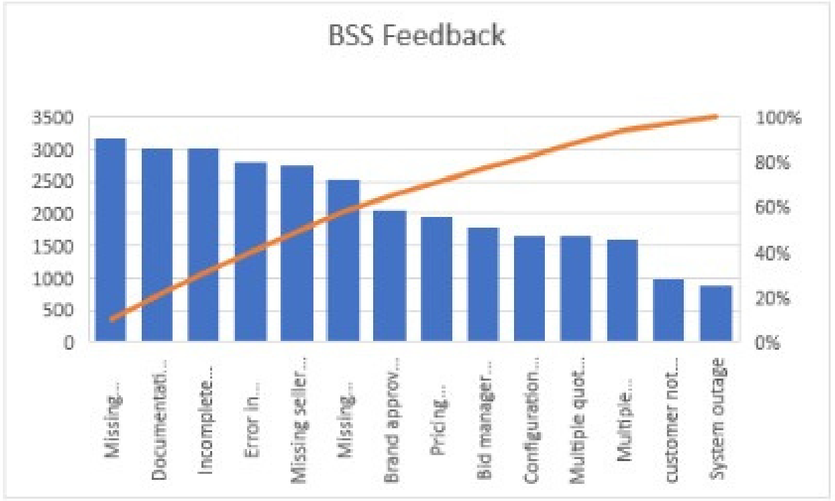
- **Top Performing Sellers (Highest Bid Size):**
  - William (NA) generated the highest bid size
  - Similariy, Ozil (EMEA), Devin (AP), Jose (SA), Matsuyama (JPN)

- **Top Performing BSS (Lowest Cycle Time):**
  - 69 (NA), 83 (AP), 11 (SA), 28 (EMEA), 41 (JPN) have the lowest cycle time

PARETO ANALYSIS

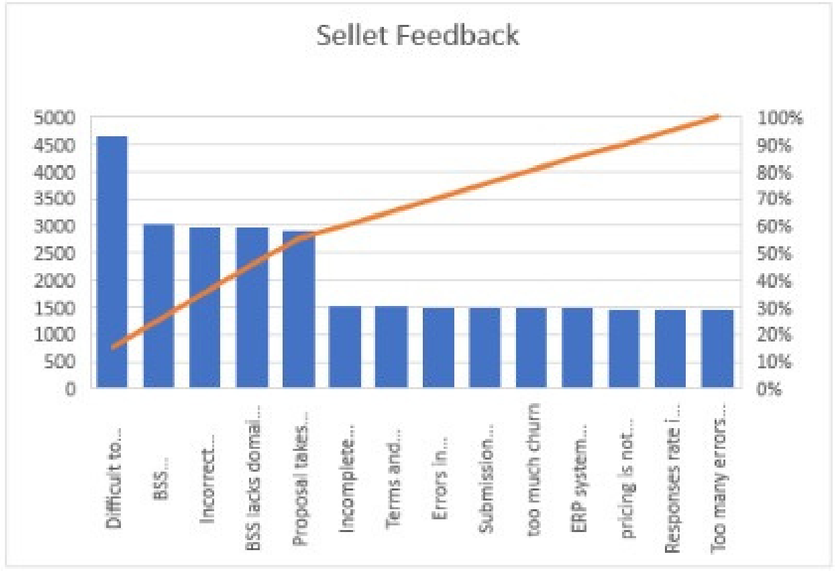
ANALYZE

Top Feedbacks from BSS and Seller



Top issues

- **BSS Feedback**:
  - Missing configuration details
  - Documentation provided late
  - Incomplete information



Top issues

- **Sellers Feedback**:
  - Difficult to identify BSS agent
  - Incorrect configuration
  - Proposal takes too long

AFFINITY DIAGRAM

Communication
Track Timely Report
Update Bid Status
Consistent and Accurate Information
Consistent communication channel
Slow response rate

Incomplete Requirements
Missing customer/ seller information
Late documentation
Error in information
Missing configuration details

Multiple Configuration
Changing Requirements
Multiple submissions
Multiple quotes

Technical Issues
ERP System
Submission form
System outage

Pricing configurator
Competitive rates

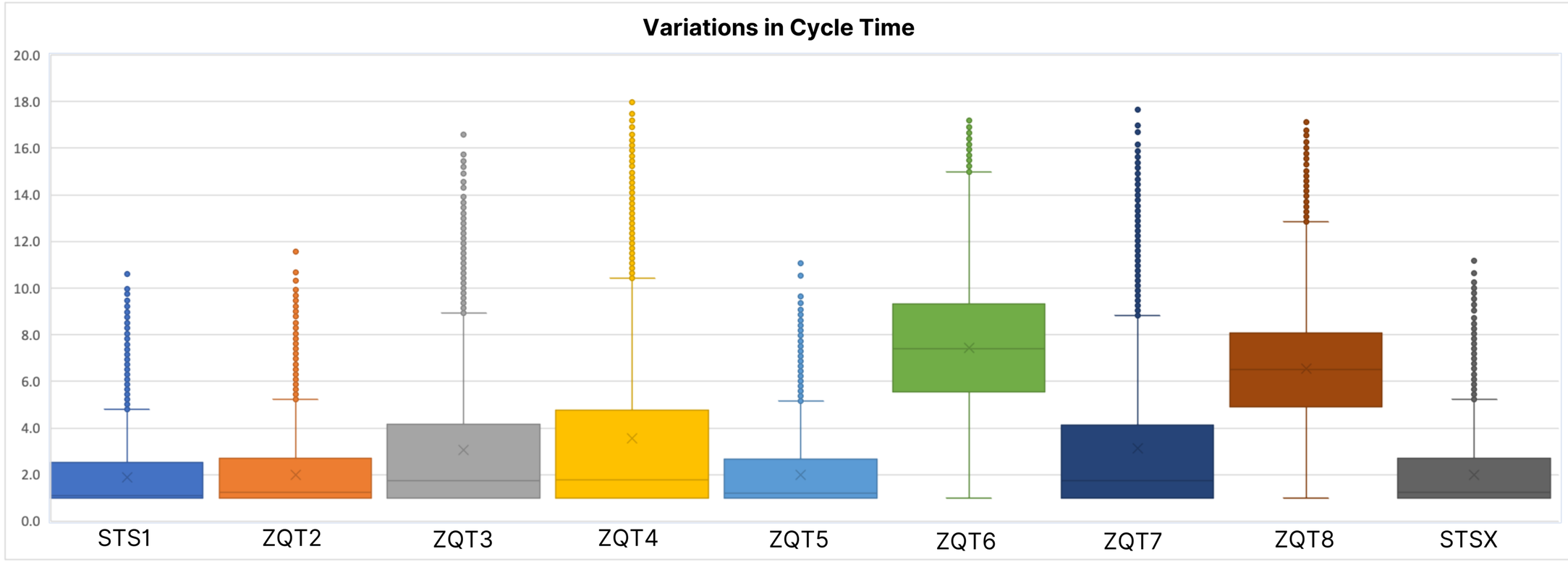
Approval/Handoffs
Proposal time
Pricing approval
Brand approval

Experience and Knowledge
Lack of trained staff
Domain knowledge

ROOT CAUSE INVESTIGATION

ANALYZE

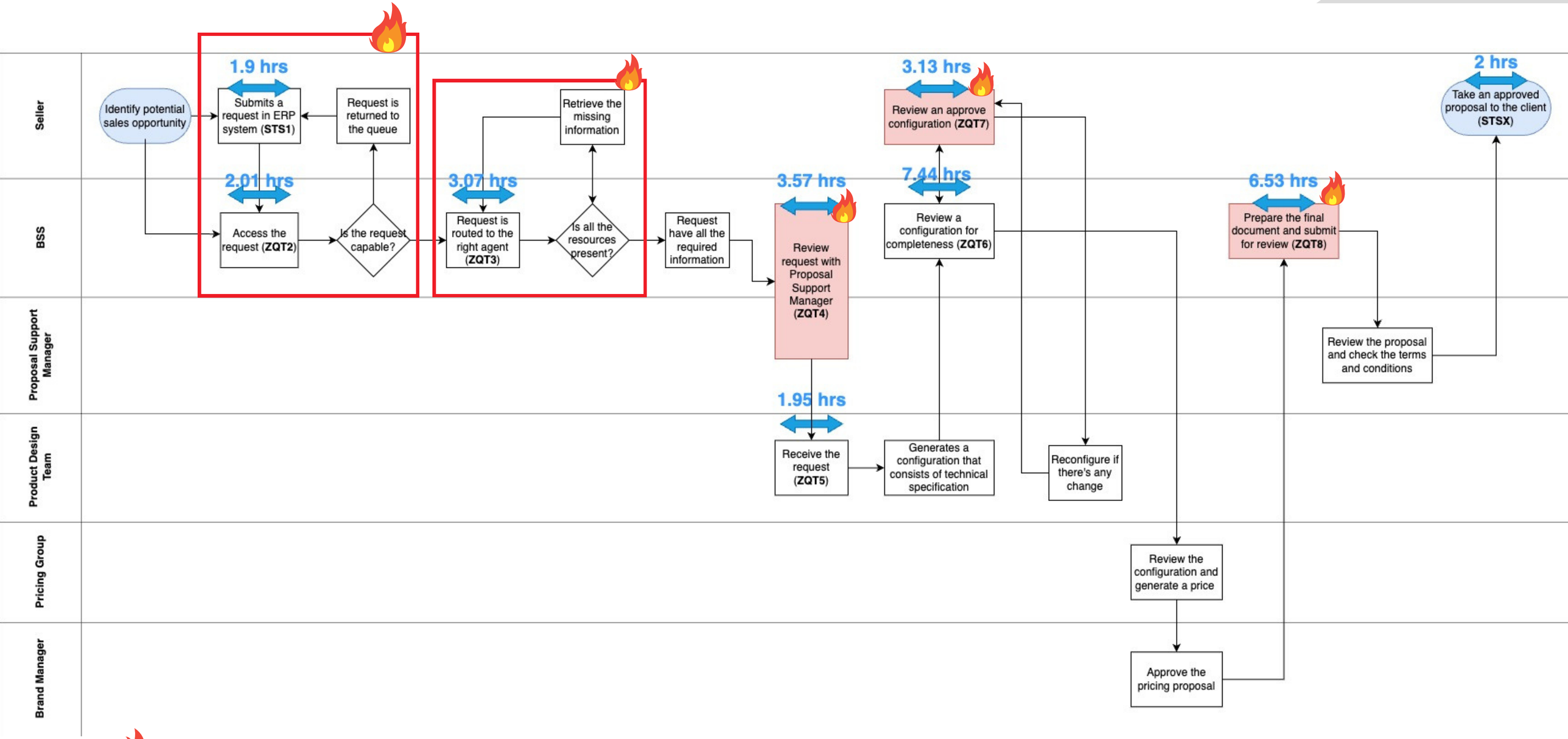
Identifying Delays in Cycle Times



Row Labels	Average of STS1	Average of ZQT2	Average of ZQT3	Average of ZQT4	Average of ZQT5	Average of ZQT6	Average of ZQT7	Average of ZQT8	Average of STSX
AP	1.7941	1.8509	3.0476	3.0524	1.7927	7.4685	3.4505	6.4055	1.8993
EMEA	1.9207	2.0808	2.6701	3.0800	2.0331	7.4849	2.4359	6.4141	2.0981
JPN	1.8957	1.9765	1.7980	1.7825	1.9747	7.4087	1.7739	6.6485	1.9873
NA	1.8585	1.9434	4.4781	5.2999	1.9513	7.5487	4.4744	6.5089	1.9085
SA	2.0312	2.1701	2.4468	3.4217	2.1560	7.2091	2.6435	6.7760	2.1016
Grand Total	**1.8994**	**2.0078**	**3.0696**	**3.5731**	**1.9833**	**7.4350**	**3.1275**	**6.5318**	**2.0004**

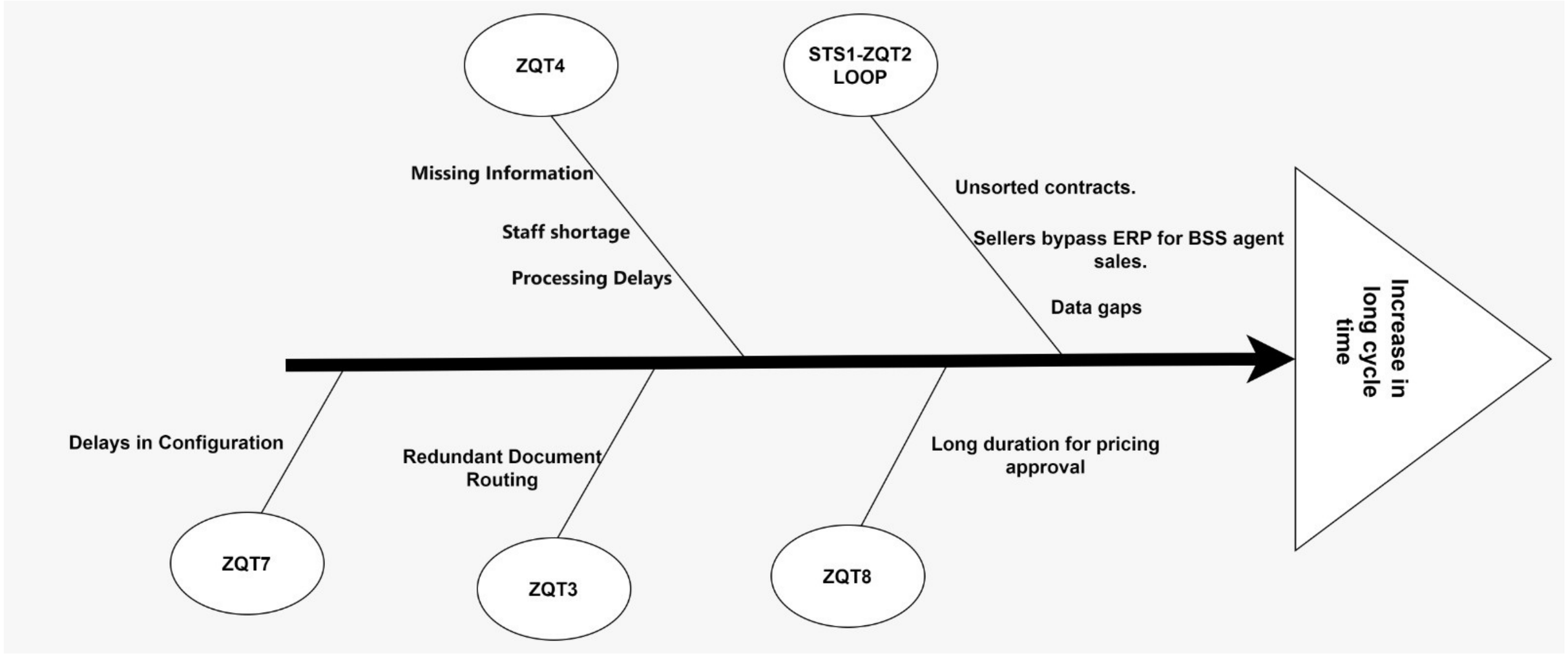
PROCESS MAP WITH PAIN POINTS

ANALYZE



5 Pain Points

FISHBONE DIAGRAM



RECOMMENDATIONS

IMPROVE

STS1-ZQT2

Problems

- Lack of a sorting basis
- Incomplete information
- Sellers bypassing ERP system

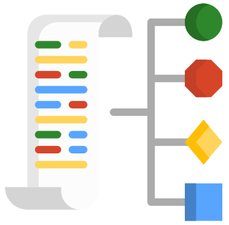
Suggestions

- Use sorting templates
- Automate processes

ZQT3

Problems

- Redundant document routing



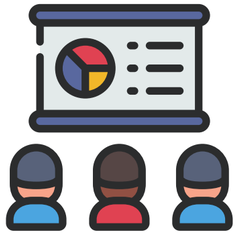
Suggestions

- Train employees
- Implement sorting templates

ZQT4

Problems

- Processing delays
- Shortage of human resources
- Missing information



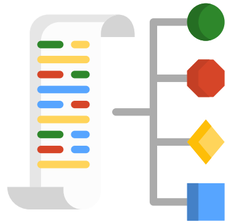
Suggestions

- Standardize processes
- Train employees

ZQT7

Problems

- Delays in configuration reviews



Suggestions

- Apply sorting templates
- Train employees

ZQT8

Problems

- Long duration for pricing approval

Suggestions

- Delegate tasks
- Create standard pricing catalog

Analysis Used: DMAIC Method, SMART Method, Baseline Analysis, DPMO&Sigma Level, Pareto Analysis, Affinity Diagram, Mean&Standard Deviation Analysis, Root Cause Analysis, Fishbone Diagram

RECOMMENDATIONS

IMPROVE

- **STS1-ZQT2**
  - Ensure all proposals are processed through ERP by including essential contract details and automating the workflow
  - Incorporating automation can improve cycle time by up to **20% (0.8 days)**
- **ZQT3**
  - Implement a sorting system and train employees to process contracts efficiently and direct each to the appropriate BSS agent. This will help to achieve benchmark standards (Japan)
  - Expected cycle time improvement of up to **1 day**
- **ZQT4**
  - Achieve information consistency and completeness across regions by standardizing templates and bolstering the human resources pool with trained personnel.
  - Expect a cycle time improvement of up to **1 day**, which is in line with the median across different geographies and benchmark standards.

RECOMMENDATIONS

IMPROVE

- **ZQT7**
  - Standardizing review processes and personnel training will ensure efficiency improvements in configuration reviews
  - Expected cycle time improvement of up to **1 day (median + benchmark)**
- **ZQT8**
  - Small and standardized proposals are experiencing delays in obtaining approval from the Brand Manager. To expedite the process, delegate the authority to approve contracts up to $50k to the Proposal Support Manager
  - The system's proficiency in handling low-value contracts suggests it is well-equipped to process them. Delegating authority is expected to improve the time taken for pricing approval by an additional **20% (1.3 days)**

Bid Size	Bid Size <= $50K	Bid Size > $50K
Number of Contracts	44855	30145
Average Cycle Time	25.5	40.8

CONCLUSION

- Efficient recommendation implementation could cut Gentech's cycle time by up to **5.1 days**, a **16%** reduction.
- Anticipated new average cycle time: **26.5 days**, decreasing DPMO and enhancing Sigma Level.
- Improved supply chain efficiency to boost Gentech's margins, competitiveness, and market share.

ANY QUESTIONS?

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THANK YOU

FOR YOUR TIME!

Mangesh Patil Minjeong Kim Shruthi Sunil Alok Kumar Krishnan