

CASE STUDY

Industry: Manufacturing

Client: Anonymous

Event: Six Sigma



Our Story in Brief

- 1996: Founded by Dr. Stephen Zinkgraf, SBTI was one of three original Six Sigma developers
- Beginning with two corporate clients, SBTI has grown to more than 70 global corporate deployments and an additional 200 clients using SBTI methodology
- 2000: SBTI opened a customer support center and an internal training center, where we began holding Master Black Belt (MBB) courses
- 2002: SBTI opened its first European office in Göteborg, Sweden, in order to support its growing global client base. It was deemed crucial to work with local consultants who speak the same language and have the same culture.
- 2008: SBTI opened its latest office, located in the core of Europe, in Basel, Switzerland.

Executive Summary

Days Sales Outstanding Reduced from 38 to 31 Days, Realizing Nearly \$7,000,000

Industry Department:

Sales

Process:

Receiving Department, Customer Payment Process

Objectives:

- In order to reduce delinquent dollars in the customer payment process, we needed to reduce Days Sales Outstanding (DSO) from:
 - USA:
 - 34 Days to 30 Days
 - Entitlement of 25 Days
 - Export:
 - 37 Days to 33 Days
 - Entitlement of 28 Days

Timeline:

- The charter of this project was written on July 13 and completed on December 12, of the same year

Key Tools Used:

- Black Belt tools that SBTI teaches were used.
- These included the use of:
 - Process Mapping
 - Cause and Effects matrix
 - Multi-Vari Analysis
 - Failure Modes Effects Analysis and Process FMEA
 - Capability study

Deliverables:

- A new process was to be determined, and personnel trained in it.
- All Business Managers were briefed and trained on the payment processes and performance of their specific customers.

Metrics or Results:

- Approximate savings of \$7,000,000 were realized.
- The number of days sales outstanding were reduced by approximately a week (38 to 31 days for domestic sales).
- Acceptable variation on these values was cut from 21 to 7 days for domestic sales.

Lessons learned:

- Control new and smaller accounts from the beginning.
- For problematic customers, investigate financial penalties for chronic delinquency.
- Look for efficiencies (electronic, etc.) and cost savings that can be leveraged into new terms negotiations.