

# Lean Enterprise for Transactional

## A Diversified Metals Company made dramatic improvements in its Accounts Payable process through application of lean concepts and techniques.

• **Market :**  
Diversified Metals Company;  
Regional Shared Services  
Accounts Payable

• **Client :**  
Turnover: \$25B  
Employees: 120,000

### CLIENT ISSUE

The regional shared services group of a global diversified metals company wanted to improve their business unit customer satisfaction, dramatically reduce rework associated with first time invoice match rate, and solve supply chain value stream problems to root. Another major driver of change was the migration to a new computer system, Oracle 11i. Over \$2.5 million in rework costs and +520 hours per week of time was being spent annually within a specific SBU due to invoices that could not be approved the first time they were processed. The major causes of these holds were missing PO information or receiving mismatches - Invoice first time match rate was at 96%. The ability to bring automation to the approval process would enable people to bring their talents to solving the complex issues not being inundated with rework in the common invoice arena.

### SOLUTION / APPROACH

- As Is Value Stream Map created for the procurement process – Requisition – PO – Receiving - Invoice matching and supplier payment.
- Data gathered around Invoice Hold reason codes and an analysis conducted within each code.
  - No Purchase Order, Incorrect PO number, Receiving Quantity mismatch
- Targeted specific commodity family, plant location, supplier streams of work for a more detailed analysis
- Designed and conducted a one week kaizen event focused on the activities and connections within the value stream. Business case refined to include cost, quality, time and safety. Business case was in excess of \$2.5 million annually not including supplier rework costs.
- Kaizen event resulted in 54 improvement opportunities.
  - Seventeen (17) opportunities were identified as the improvement focus area.
  - Six (6) were tested during the kaizen
- Kaizen improvements incorporated into invoice matching standard work practices and shared with other SBU's.
  - Pay site, workflow, supplier calls, RCA, learning line

### BENEFITS

The benefits were realized in all areas (cost, time, quality, safety) and within the SBU, the invoice matching group, and for the supplier

- Within the first 5 months – 23% reduction of invoices on hold
- Approximately 100 hours of rework per week eliminated

The client then applied a similar approach to Travel and Entertainment processing, Strategic Sourcing process, Reverse Auction / On-Line Bidding connections, Low Cost Country Sourcing and the Month end closing process

### OUR DIFFERENTIATORS

- Developed & conducted Administrative kaizen event process
- Proven process, tools & methodologies
- Lean Enterprise applied across the entire supply chain



Lean



Six Sigma



Supply Chain



System



Change Mgt



Europe



North America



Asia/Pacific

### We used a number of different tools & methodologies

