Success Profile – OEM A

Backorder Fulfillment Cycle Time Decreases from 14 Days to 24 Hours

The Challenge

A Fortune 100 manufacturer operated at peak efficiency with a 97% off-the-shelf service parts fill rate, yielding an "acceptable" 3% backorder rate.

While minimal and acceptable, the 3% backorder rate translated into an average daily influx of 800 unique backorder and emergency service parts requests.

Average cycle time for backorder fulfillment was 14 calendar days.

Successful backorder fill rates hovered at 31%.

While parts personnel were unable to calculate aggregate rental car and expedited shipping expense based on delayed parts delivery, they conservatively estimated the potential for annual expenditures in excess of $6 million.

Backorder Approach

A full-time staff was chartered with manually sourcing, one by one, each backorder request using phone and email canvassing tools.

Requests were prioritized with potential Lemon Law violations receiving highest priority.

Complicating the task was zero visibility into in-channel inventories.

Re-Engineered Results

By implementing Responsive Backorder Management *e*technolgy:

- ✓ Average cycle time for backorder fulfillment plunged from 14 days to 24 hours resulting in a 1300% decline in average wait time.
- ✓ Potential rental car expense was also estimated to decline accordingly at an average of $455 per day, per off-road vehicle.
- ✓ Backorder fill rate - within less than 30 days - increased from an average of 31% to 54% for "fillable" parts, yielding an immediate 74% improvement in backorder response – or an additional 48,000 customers served each year with next day, or less, parts turnaround.
- ✓ Ready on-time service delivery scores – a cornerstone of Customer Service Satisfaction - measured a full 1% higher for participating dealers.
- ✓ Full-time staff was redirected to higher ROI activities.