

hawkeye planner



ARE YOUR CUSTOMER ORDER DATES REAL?

Order fulfillment is a huge component of supply chain success. If the plan is great and costs are low yet customers don't get what they want when they ask for it, what's the point? To that end, most mature companies have Customer Service as a key performance indicator. Some people say that "you treasure what you measure." Hawkeye Planner agrees with the principle, but the reality is that measures can easily be manipulated.

For customer service measures (Line Fill, Order Fill, Perfect Order), there is always one thing in common: the customer request date. If you delivery meets the requested date, you win. If it misses, you lose. However, the management of delivery dates can drive some bizarre behavior. Here are some examples:

The VP of Supply Chain is rated on customer service; in this case it is a Line Fill measure. Interestingly, that individual also owns the Customer Service desk that place orders. To make the measure look good, he instructs his team to push out orders for shortage products. The problem is solved, the measure looks great. If only those irate customers would stop calling the company President.

In one Fortune 500 stalwart, one common customer service measure is in place for all divisions of the company: On Time In Full orders to Customer Request Date. The results go right up to the CEO, and therefore no manipulation is allowed. The customer request date cannot be manipulated. To make sure that people are putting in order dates correctly, an audit team reviews each businesses at least once per year. The only problem is that the customer dates don't really match the customer needs. What does As Soon As Possible mean? For the customer it may be within one week, for the customer desk it means one day.

In another reputable multinational company, customer service is king. In this case, the measure is the Perfect Order, including product quantity, delivery date, paperwork, etc. The company's measure looks good and everyone follows the letter of the law. Unfortunately, bad behavior still flourishes. If a plant or warehouse cannot meet the order completely, then it will be counted as a miss. So they go to

work on orders they can meet successfully. What about the missed order? It may hang around for weeks or even months. Ouch!

In reality, there is no silver bullet to have an effective customer order measure. But in practice, some things are quite clear. The measure must have checks and balances so that teams to be held accountable cannot distort the results. Also the measure cannot be so rigid that it misses the realities of performance versus need. Most importantly, companies should keep in mind that the customer is at the heart of customer service. If one can cross-check a service measure against customer satisfaction, then success will follow.