

CNH Industrial - Cost-Efficient Operations through Labor Arbitrage

PREMIER
BPO



CNH INDUSTRIAL

About the Client:

CNH Industrial is a leading global machinery and apparatus provider in agricultural and construction equipment businesses. Focused to champion the market through joint ventures, they employ over 63,000 people in 67 manufacturing plants and 56 R&D centers. The Case and New Holland brand families encompass 12 individual enterprises.

CNH Industrial develops, manufactures, sells, and distributes capital goods across 180 countries. Dealing in a wide range of mechanical devices like trucks, buses, tractors, and powertrains, they provide world-class commercial, quarry, construction, and firefighting vehicles. They are gradually expanding their presence by creating sustainable products through technology (AI) and innovation.

The Challenge:

CNH Industrial required the most cost-effective operability and was diligently looking at a variety of areas identified for NOR (Notice of Revision) as an opportunity to reduce their labor employment expense. In addition, due to changes in management, over 4000 requests were placed under TBD (To Be Determined). CNH Industrial required clearance of all these requests in the backlog.

Expectation:

CNH Industrial anticipated Premier BPO to reduce operational costs while adhering to all Service Level Agreements. Premier BPO was expected to perform parallel to the existing, in-house, CNH Industrial standard. The final result should create an extended offshore team that has daily, independent, job responsibility while the internal staff enjoys full workspace transparency. CNH Industrial required a customized solution that enabled the connectivity of vendor, supplier, and middle manager under one visible, open platform.

As agreed upon by both parties, Premier BPO would follow all CNH Industrial published procedures, policies, and guidelines. Premier BPO Management would train and address all established systems and corporate processes as part of the initial training for each team member. CNH Industrial required an intermediary to handle and streamline all processes.

Our Action Plan:

Initially, CNH Industrial's employees were processing NOR in their Burr Ridge, IL branch. Premier BPO proposed to replace these FTE's and process the NOR functions in an offshore, outsourced environment to drastically reduce the internal cost.

A NOR is a notice showing a technical change request sent to the suppliers for the particular parts required. Premier BPO's representatives worked on behalf of the PDP's (Product Development Person) to handle the purchase and quotation requests for cost impacts. The regions covered by Premier BPO include NA, EU, and LATAM.

Previously CNH used the AS400 style system which was replaced by a browser-based app, GPP (Global Purchasing Platform) by SAP while engineering diagrams were viewed in iView. Premier takes care of various modules under this platform, while handling timelines and communications from one department to another through emails and chat.

Upon commencement, the following services were offered by Premier BPO:

- Determining if it is required to send the NOR to the supplier SML
- Generating the appropriate package of engineering specifications and change notice documents to forward to the supplier
- Reviewing responses to the NORs, concluding if there is a commercial impact, and moving to PDP queue (for 7-day response cycle)
- Forwarding relevant highlighted NORs to the appropriate commodity buyer
- Updating GPP systems of the web tool for those NORs which do not have trade implications. They allow you to create, amend, and finalize contracts with the suppliers

Premier BPO's pertinently devised Process Flow enabled an increase in work volume while resolving previous concerns under one interconnected system. Linking the ECO (Engineering Change Order) requirements and the Supplier, our methodology ensured:

- NOR automatically assigned to GPP with part details (number, supplier name, pricing, and requirements)
- Response time is 20 days from the date forwarded by CNH Industrial to the vendor, a follow-up email is issued after 5 days
- Missing information is requested by the supplier after 7 days of pending NOR. If no response is received, it is considered as No Cost change (exceptions for holidays, the extended period is 14 days)
- The distributor completes the NOR form or provides all field information in reply
- Exceptions noted and communicated ahead clearly
- No reply within 60 days by the supplier then CNH Industrial closes the NOR @No Cost Impact

CNH Industrial provided a designated Project Manager for day-to-day interaction with Premier BPO for ongoing instruction of workflow activity and updates to the offsite team. CNH Industrial also gave access and connectivity rights appropriate for the system to Premier BPO, to perform functional testing.

Functions performed by Premier BPO appointed F.T.E's:

- Vendor Tooling PO (Purchase Order): One-time tooling cost PO amendments sent to commodity buyer who further sends to suppliers for technical changes
- Understanding Supplier Linkage Structure and Codes to identify NOR contact personnel
- ZPRC (Customized - Purchase Request Contract) to create client-supplier contracts; previously called as, but now includes RFC (Request for Change) and PPR (Purchased Part Requisition)
- Purchase Request for Change: Sourcing a part to a new supplier or a new part request; these further generate NORs
- Purchase Systems Support Services: Management of GPP transaction issues, critical reports for annual audits, and creation/termination of users
- Vendor Request Process
- Understanding of Commodity Code Structure
- WPS (Wi-Fi Protected Set-up) Help for limited admin tasks

Our Achievement:

Remote connectivity empowered seamless workflow while the Premier BPO team retained daily productivity measurements and performance monitoring. Our intricate Quality Assurance methods permit total compliance with error-free work.

Premier BPO resolved the 6 months of TBD requests in backlog while creating a reliable system to ensure future handling of all requests accurately. We process over 13,500 requests per month for CNH Industrial (as of 2020).

Also, Premier BPO was able to significantly grow the team strength, which is ongoingly devoted to performance efficacy for the last 11 years. One of the members was granted system administrator access capabilities, directly assisting the CNH Industrial manager.

Premier BPO and CNH Industrial's mutual trust and our business approach allowed CNH Industrial to up-scale its management operations and increase efficiency while ultimately lowering the base cost.

Why Premier BPO?

Premier BPO's Business Process Management Lifecycle enables the re-engineering of basic process flow, wherever it is lacking, to continuously optimize outcomes and allow you to perform to your strengths. Our custom-built solutions are specifically designed to root out inefficiencies and enhance performance. We also offer free business consultancy on a limited basis and empower co-sourcing with our clients for present-day business continuity.



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