

Luminous

Case Study – Global Technology Company

Background

The Global Technology Company we worked with is amongst the growing band of internationally active major corporates who commenced a project in September 2003 to reduce the overall levels of group debt. There was a major disconnect between the sales and financing operations and this was the core issue identified as being largely responsible for the blockages which had built up in the system. The sales force's focus on collection and customer service issues was minimal as there was no incentive or targets linked to cash collection. The collection department, meanwhile, was suffering from a lack of morale and know-how following a restructuring and reduction in headcount. The company lacked a formalised process by which sales and finance could discuss and resolve credit issues.

The task at hand

In September 2003, it was identified that a new piece of software could address these challenges. Interest expense could be cut by 50% through a 46 day reduction in Days Sales Outstanding (DSO). Accounts Receivable could also be reduced by €21-€25 million. Transaction processing costs could be reduced by the introduction of effective processes and systems, while improved knowledge would support customer requirements. Write-off levels could be reduced along with the dispute cycle time and the volume of disputes over the long term. Finally customer retention could be increased.

All this was imminently achievable BUT getting the people on board and facilitating this change, would be a challenge AND all the work and training had to be done in Italian!

Luminous was tasked together with a group of consultants to train the people and take on the challenge of facilitating this change.

Results

Between December 2004 and December 2005, the following was achieved:

- Luminous met with all the key stakeholders and ensured all change management issues were on the table and were to be resolved during the project
- Luminous designed all the training for the roll out, including documentation, demo CD's, look-up cards, support network and designed all the PR material, including posters, balloons, webcasts, the internal website and support collateral
- Luminous worked with the Italian division of the global technology company and trained all the teams involved using an Italian translator
- Of all the teams we trained in Rome and Milan, 97% of the feedback was either 'exceptional' or 'extremely good'
- Their IT division reported that for the first two weeks after implementation, they had zero support calls which for them was completely unheard of in an implementation of this magnitude. The support overheads on the project post implementation is below all other projects combined

- By December 2004 a total reduction in Accounts Receivable of 35% was achieved, otherwise stated as a DSO reduction of 56 days. The benefits were sustained in the following year and further costs driven out.
- By December 2005, the Receivables asset was further reduced by 13% (8M€) from the previous year. Furthermore disputed items were reduced by 40% (from 9M€ to 4M€) during the same period, with an average resolution cycle of 7 days, further improving customer service levels and customer retention.
- Luminous is proud to have been a part of this success and supporting the global Technology company in achieving their goals and smoothing the pathway for change.