



Lean warranty handling process



Excellent product quality is on the very top of the agenda for most companies. High product quality not only results in greater customer satisfaction and stronger brand image, but also increased sales, reduced warranty costs and decreased internal costs for correcting quality issues.

A lean warranty material handling process that supports a quick resolution of quality issues is key to minimize the cost of poor quality. In collaboration with the client, Fortos developed several improvement initiatives to increase the efficiency of the client's current warranty material handling process.

Customer Challenge

The client, a **world leading OEM**, was experiencing issues with its logistics and analysis of warranty material. The issues consisted of redundant work, excessive movement of parts, high amount of warranty material being scrapped without being analyzed and considerable tension between involved organizations.

Customer Solution

To **help the client** in understanding the cost situation, Fortos worked together with the client in the following four steps:

- 1) All issues and inefficiencies with existing warranty handling process were identified. Data was collected and analyzed to verify identified issues. Process flow charts were also created to visualize the warranty handling process.
- 2) Workshops were performed to identify root-causes of prioritized inefficiencies and issues.
- 3) Based on results from the previous activities and with additional data collection and workshops, several improvement initiatives were identified. All improvements were focused on improving the following aspects:
 - Clear and aligned goals for all activities and organizations involved in the warranty handling process
 - Increased communication and activities with cross-functional teams
 - Better collaboration and relationship between organizations
 - Reduction in movement of parts and duplicate activities
 - Maintaining short lead times of warranty handling process
- 4) Categorization and priority analysis of improvements, resulting in several improvements being further developed before being finally recommended to client.





The recommended improvements to solve the client's challenges were divided into four categories; information, process, documentation, and IT, and can be summarized in the following examples:

- Improved communication channels between organizations, including a monthly report on all flow in warranty handling process (e.g. overview of parts in warranty process, amount of scrapping, quality issues)
- Knowledge sharing between organizations to create common understanding of current situation, activities and improve communication between teams.
- Development of additional IT support to reduce gaps in communication and information. Additional IT support also included functions to reduce unnecessary scrapping of warranty material and priority analysis of products with high warranty spend.

Finally, a recommendation on an updated and clarified organizational structure and work roles was also developed, including mutual KPI and re-design responsibilities and communication channels.

Customer Value

Clarifying all existing issues through data analysis, interviews and workshops was a key step in making sure that all departments had the same view of the current situation.

Working together with the different departments in performing root cause analysis, generating and prioritizing improvement initiatives led to buy-in from the involved departments.

As a result of the study, the client now has a list of prioritized improvement initiatives to ensure an effect warranty handling process. Currently discussions with the union are on-going to realize the key improvement initiatives.

Customer & Fortos Collaboration

The close collaboration between the Fortos team and the client, in combination with Fortos' knowledge in the automotive industry and our extensive experience within quality were three critical success factors. Being able to approach the subject with a holistic perspective while at the same time dig into the details by thoroughly investigating current issues is a crucial balancing act

What makes Fortos unique is that we come from the business, hence we know the business from within. For more than a decade we have optimized tools and methods to create most possible value for the business and for that reasons we are considered a thought leader and valued advisor.

Want to know more?

Robert Dejanovic



Partner
Head of Operations &
Product development
robert.dejanovic@fortos.se
+46 (0)76-517 27 90

Carl Åström



Partner
Operations & Product
development
carl.astrom@fortos.se
+46 (0)76-517 29 23

About Fortos

Transformation is our heritage. Fortos has a long history as one of the most valuable advisors to leading multinational organizations in the Automotive industry. We support our customers to achieve successful transformations through our deep understanding of their business, our world-class transformation competence and long term commitment to deliver sustainable client value. Learn more about us at Fortos.se

