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Contact:

Rebecca Kopf, PR Etc.
815.621.8295 or rkopf@pretc.net

CCMI PIONEERS FOCUSED REDESIGN PROCESSSM TO IMPROVE ON-LINE ORDERING IN CRITICAL “LAST CLICK” OF SUPPLY CHAIN MANAGEMENT

FRP achieves rapid and significant growth in on-line order acceptance

ALEXANDRIA, Va. (June 25, 2003) – Insufficient attention has been given to improving the customer experience in ordering products and services on-line – and new approaches are needed to successfully reengineer this critical component of overall supply chain performance, according to Capital Consulting & Management Inc. (CCMI), a supply chain-focused consulting firm. CCMI recently pioneered a Focused Redesign ProcessSM (FRP) that has yielded dramatic improvements in on-line order acceptance, accuracy and efficiency for companies who are adopting true e-business strategies – and that has ultimately led to dramatic revenue growth and profitability gains for them.

“While significant effort has been devoted to ‘last mile’ issues in physical supply chains and how they deliver products to industrial and residential customers, the ‘last click’ issues of on-line order acceptance and fulfillment are equally challenging and important but have gotten much less attention in e-business supply chains,” according to Scott Elliff, president of CCMI. “Approximately 75 percent of shopping baskets continue to be abandoned before the order is completed and confirmed – representing a major loss in potential revenues and indicating a significant level of underlying dissatisfaction, both among business customers and retail consumers.”

Traditional e-business redesign programs suffer from two major problems. First, the exhaustive and exhausting reengineering methodologies that are typically used cost untold millions in consulting fees and expenses, often take two or three years to complete, and drain the organization’s internal resources. Second, these programs place

considerable emphasis on endless process mapping and flow charting, and not enough attention on the handful of key elements that can truly make a difference both to a company's *top* and *bottom* lines. "When most website visitors – either consumers or business customers – continue to leave without completing a transaction, companies still have a big problem and have not really achieved the benefits of e-commerce," said Elliff.

CCMI's FRP was developed as an alternative to these traditional methods and has yielded impressive early results for clients such as Skyjet, Inc., the first online private jet aircraft charter reservation system and now a unit of Bombardier Aerospace.

"We needed to rapidly improve our on-line customer experience in order to fulfill our business mission," said Rich Wolford, former Chief Operating Officer of Skyjet, Inc. "By using the FRP approach we dramatically improved the accuracy and timeliness of our on-line information, leading to a 200 percent increase in customer orders completed entirely on-line, in an efficient and cost-effective way – and did it all within a three- to four-month period.

"For Skyjet, becoming a true e-business was a critical strategic requirement, and the 'last click' was clearly one of our major issues. FRP was a welcome way for us to get the assistance we needed – rapidly, cost-effectively and with clear and compelling results," continued Wolford.

The key elements of the Focused Redesign Process SM program include:

- **Targeting on critical path activities:** By limiting attention to the relative handful of areas that are critical to rapidly achieving improvements in key problems areas, FRP can move the needle more quickly than traditional reengineering approaches that apply a 47-step process seeking to comprehensively cover all aspects of the business. FRP generates *light*; traditional reengineering too often just generates *heat*.

- **Using data and analysis selectively:** By utilizing a range of available but imperfect information, and supplementing it on a carefully targeted basis, FRP can get to a solid answer expeditiously and allow the business to move more rapidly to implementing initial improvements and achieving the benefits. FRP delivers *practical value* in weeks and months; traditional reengineering too often suffers *analysis paralysis* in chasing perfection over a multi-year period.
- **Focusing the role of consultants:** By focusing consultants on designing the overall process, providing external expertise, and “coaching,” while leaving the responsibility for analysis, solution development and implementation with client team members, FRP covers more ground more cost-effectively. In FRP, consultants *support* the process; in traditional re-engineering too often consultants *are* the process.

“Typically, supply chain reporting focuses on achieving high standards of on-time and complete delivery for orders that have actually been placed with a company – and widespread improvements have been made. The next challenge for supply chain managers is to improve how well their company successfully accepts the orders that customers are *trying* to place with them - and that today often represent lost sales and unfulfilled customer expectations. FRP is designed to focus specifically on those issues and we are pleased with the results that have been achieved,” said Elliff.

About Capital Consulting & Management Inc. (CCMI)

CCMI has more than 16 years experience developing and implementing supply chain process improvements that truly "move the needle" for clients by reducing costs, shortening cycle times, improving performance on key financial measures and strengthening strategy and capabilities. Overall, CCMI has helped clients save more than \$2 billion in annual operating costs and inventories, with typical reductions of 15 percent or more in procurement, manufacturing, transportation, logistics, order fulfillment and related areas. CCMI has had a leading role on projects for a diverse set of clients, including Amgen, Amtrak, AT&T, General Electric, Kmart, Lucent Technologies, NexPress Solutions, Sara Lee, SkyJet and Zenith Electronics. For further information visit www.ccmiservices.com.