

CASE STUDY

Quality matters – getting it right first time

The client is the world's largest automobile manufacturer, and has established a strategic partnership in India in 1997. Central to their strategy was to partner with a Finance and Accounting service provider, specifically with deep expertise in Accounts payable, Regulatory compliance management, Invoicing and other business processes. It was critical that the service provider grasped the nuances of the business processes and practices, and that the service provider would offer a fully accountable tailored service that would be monitored and measured via service level agreements. Another key factor was the ability to scale the operation appropriately without any disruption in order to meet the expected growth in their operations.

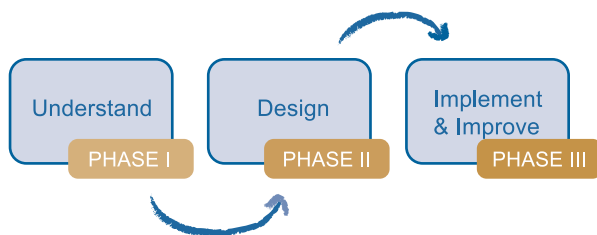
Pierian was selected to manage a seamless integration with critical processes across Finance, Procurement and Order Processing functions, entailing complex regulatory compliance management.

Challenges

- 1. The client's resources were stretched to manage transactional and operational functions, limiting their focus on strategic issues as required. A significant portion of their effort was consumed by compliance matters.
- 2. The support team was required onsite (24 * 7) to ensure that critical activities such as dispatching and invoicing were processed.
- 3. The client processes on average, about 26,000 documents, entailing invoices, forms and goods receipt notes. Different tax regimes apply depending on the number of sales on any given day. These require thorough documentation for the various authorities (e.g. availing credit for CENVAT, Service Tax and Karnataka Value Added Tax). Non compliance can result in heavy penalties either in the form of overpayments or rebates.
- 4. The process for maintenance and tracking was tedious and often resulted in major bottlenecks.

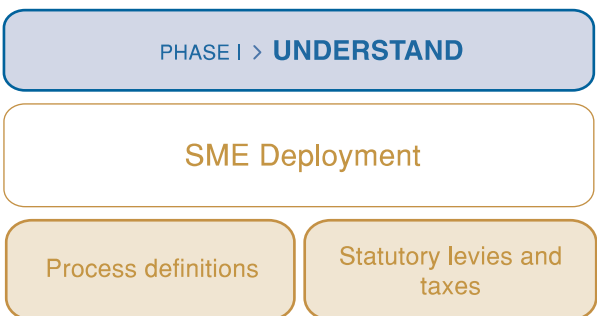
Approach

Pierian combined its accounting and process expertise to deliver effective business process management solutions, via a three phased approach:



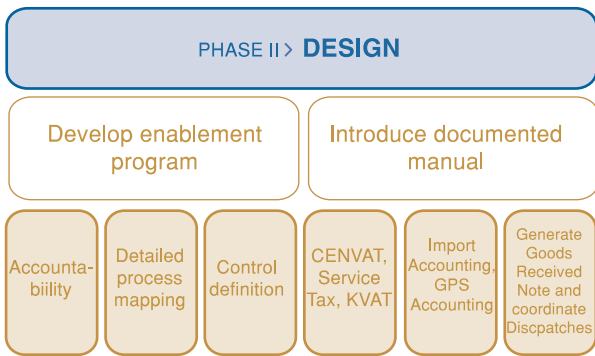
PHASE I

During the first phase, a team of Subject Matter Experts (SME) was deployed to understand the various aspects of the processes, risks and associated controls.



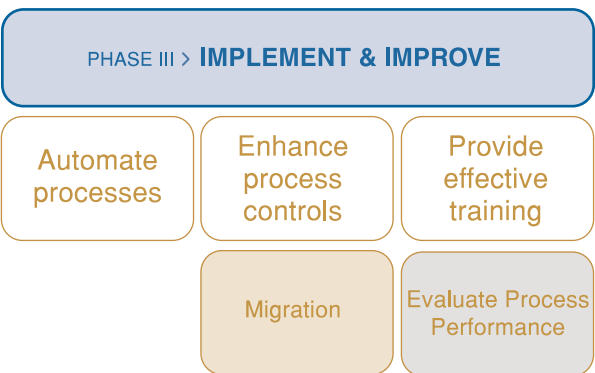
PHASE II

This phase proposed the required process controls and measures in order to bridge the gaps identified in Phase I. A manual was developed which is now the main point of reference, assuring process standardisation and efficiency. The manual is split into multiple functions designed in accordance with the organisation's process/work flow, making it easy to implement and maintain.



PHASE III

The implementation phase built tools to automate certain critical processes. An implementation plan was agreed and communicated to all stakeholders, and was central to the governance of the project. This phase managed migration and training activities, where Pierian's Subject Matter Experts provided the training.



A 20-member team was trained in the specific aspects of the Accounts Payable process, invoicing, taxation and functional processes. The implementation plan was reviewed at key stages of the project to ensure that predefined objectives were achieved on time and to the required criteria.

Outcomes

Pierian has implemented a monthly review programme with the client's management where all aspects of delivery and Key Performance Indicators are tracked via a Scorecard. This enables the team to evaluate performance of the service and processes.

Over the last 18 months, productivity and turnaround time has improved considerably in various business processes, which are regularly assessed and improved through a continuous review and improvement plan. Our team has also managed a significant increase in transactions without affecting the team size. This has proved to be the backbone for achieving operational efficiency and effectiveness.

The service was fully operational within two months, including training the team in business processes and specific tax matters. The onsite managed service has made it possible for the client to deploy their resources in other critical areas of the business whilst the service continues to provide a substantial cost saving.

The client manufactures automobiles and auto components for both domestic (India) and export (Asian) markets. Their growth since inception can be attributed to one simple yet important aspect of its business philosophy - "Putting the Customer first". While managing growth, the client has maintained its commitment to provide quality products at a reasonable price and has made every effort to meet changes in customer needs.