



Reducing Outside Services Invoice Processing Time



Department Background

The City of Houston Fleet Management Department manages all aspects of city owned fleet vehicles (with the exception of Public Works) The functional areas of the Fleet Management Department include the Business Division (Parts, Fuel, Fleet management system administration, asset management, and the City's motor pool project.) and the Operations Division (Fleet maintenance and outside services)

The Outside Services group manages outside vendor support related to vehicle maintenance. This includes authorizing the use of outside vendors to conduct repairs on City vehicles as well as receiving and processing invoices related to these services.



Problem & Mission Statement

- **Problem Statement**

- The Fleet Management Department's Outside Services group does not currently have any standardized processes in place for handling vehicles in need of outside repairs. These delays have resulted in late payments to vendors, duplicate invoicing, and potential financial losses to the Fleet Management, as well as the Finance Department.

- **Mission Statement**

- Reduce the number of days for Outside Services to send correct invoices to Finance from over 100 days to three days or less.



Methodology



- Develop Business case
- Problem/Mission Statement
- Scope of Project
- Goals
- Projected savings
- Cost of Poor Quality

- Collect Baseline Data

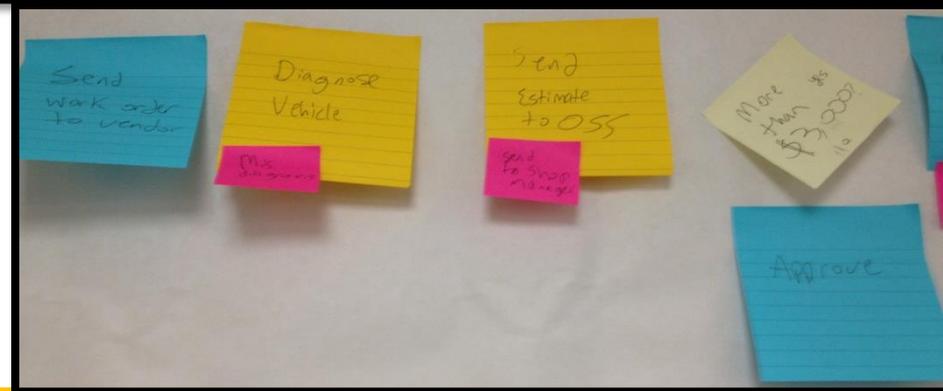
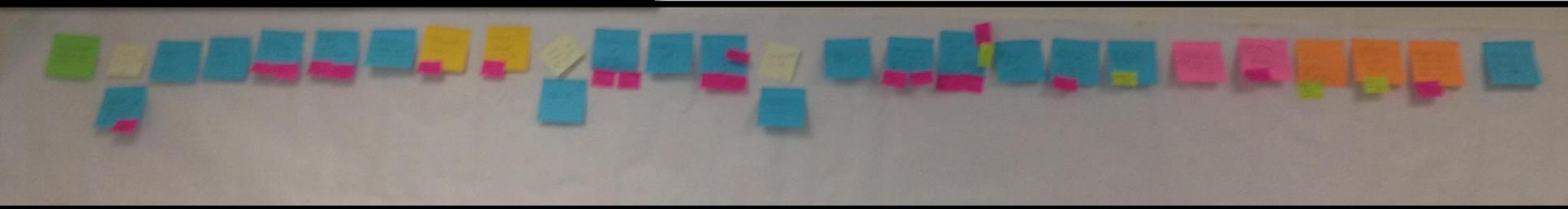
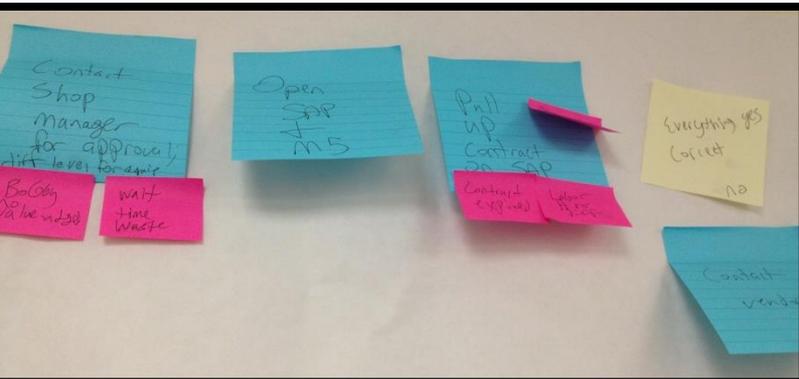
- Cause & Effect

- Develop Potential Solutions
- Select & optimize Solutions
- Solution Deployment

- Standard Operating Procedures
- Confirm Attainment of Projected Goals
- Implement Control Systems
- Transition Project to Process Owners



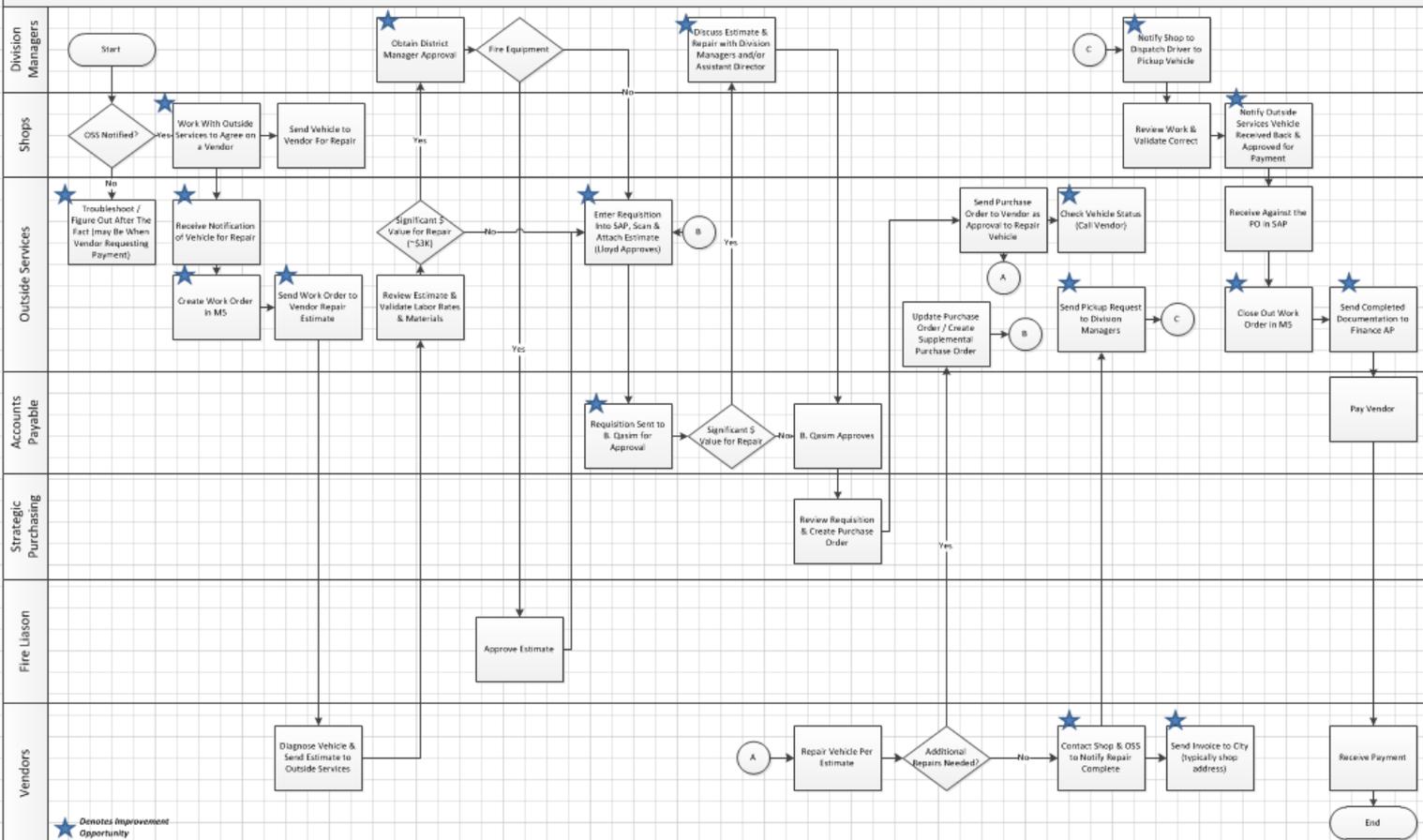
PROCESS MAPPING SESSION



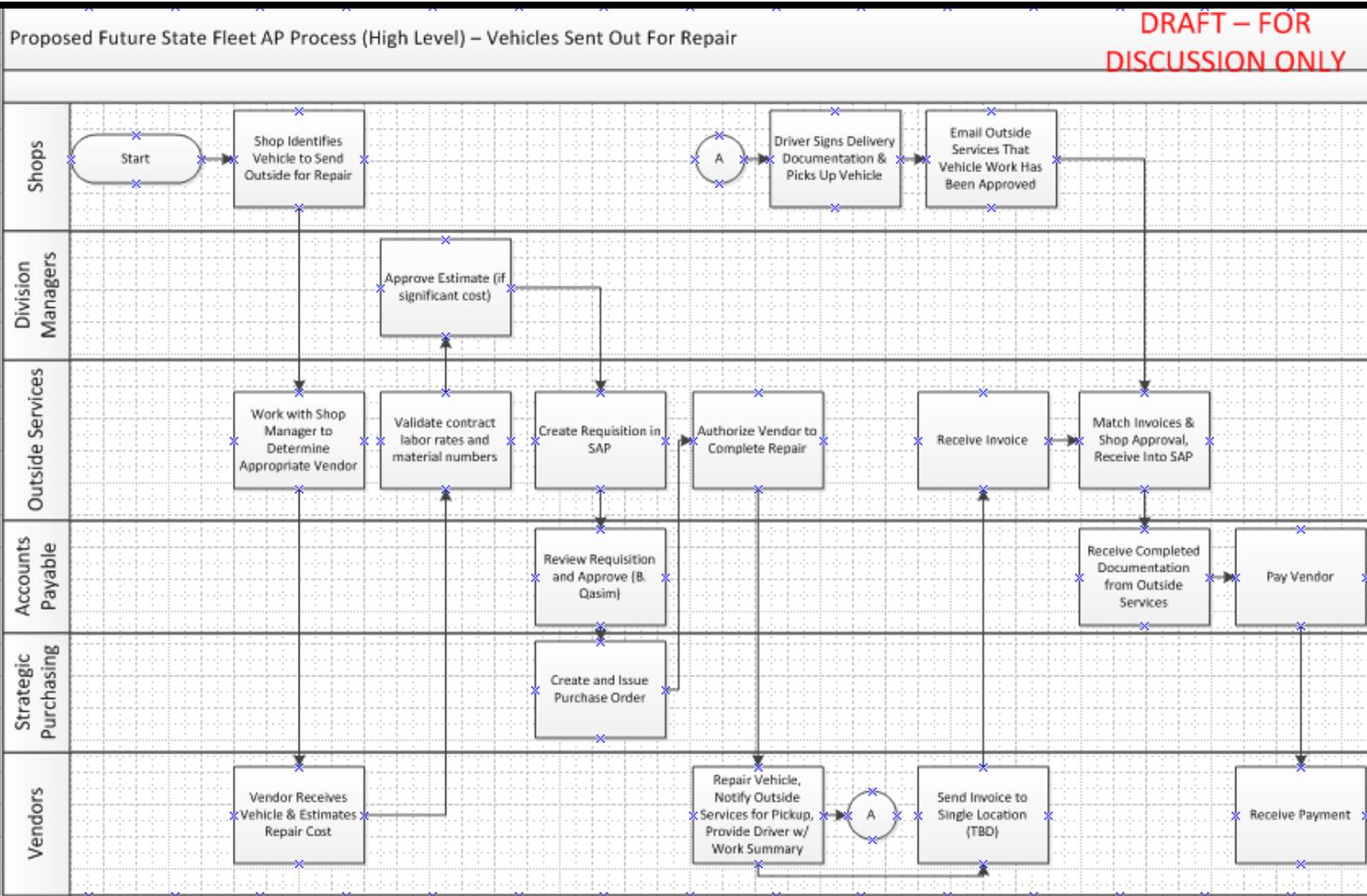
INITIAL STATE PROCESS



Current State Fleet AP Process (High Level) – Vehicles Sent Out For Repair

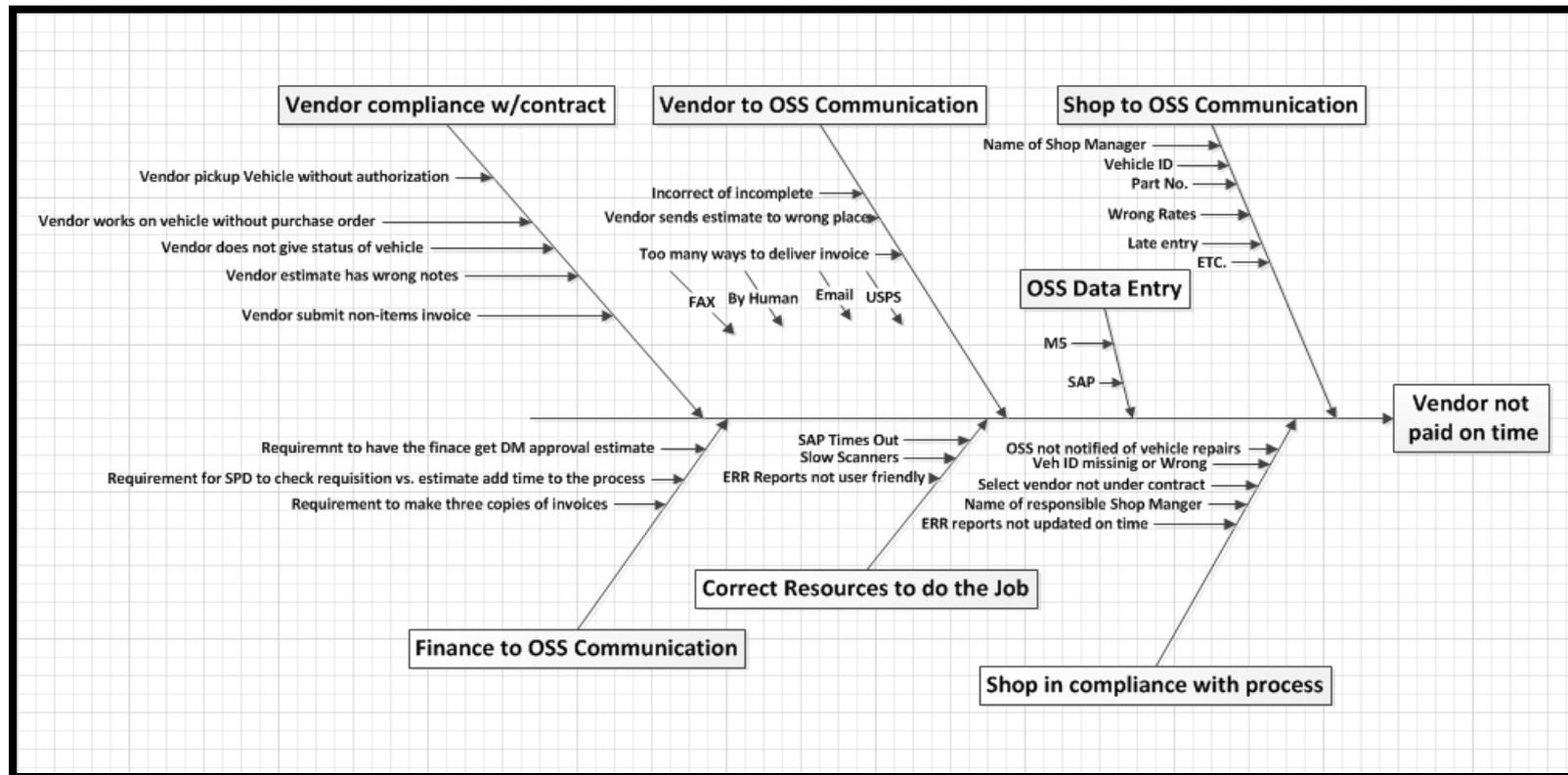


FUTURE STATE PROCESS





ROOT CAUSE ANALYSIS





ROOT CAUSE: VENDOR ERROR

1	Vendor	Count	Correct	Vendor Correct
67	Southwest Wire Rope	1	0	No
68	Sterling McCall Ford	1	0	No
69	Stertil-Koni USA Inc.	1	1	Yes
70	STEWART & STEVENSON POWER PRODU	1	0	No
71	Texas Department of Public Safety	1	0	No
72	TIBH INDUSTRIES INC			
73	TOMMIE VAUGHN MOTORS INC	4	0	No
74	Trailer Wheel and Frame			
75	United Speedometer			
76	V-Kool, Inc.	1	0	No
77	Vanguard	2	0	No
78	Versalift			
79	Waste Systems Equipment, Inc.	1	0	No
80	Totals	67	20	
81				
82	# Invoices Sampled		67	
83	# Invoices "Correct"		20	
84	% of Sampled Invoices "Correct"		30%	
85				
86	# Vendors Sampled		53	
87	# Vendors "Correct"		28%	

VENDOR COMMUNICATION



Dear Vendor,

I write this letter in order to ensure timely payment and better communication moving forward. Upon doing a holistic review of our payment process, we identified four steps that could improve the process moving forward.

First, we request status updates on every vehicle of ours at your facility. These updates would be sent every Monday and Wednesday by email to outsideservices@houston.tx.gov. The status update should include the vehicle shop number, the work being done on the vehicle, and the expected date of completion for the service.

Second, in an effort to pay all of our outstanding invoices, I ask that you send a list of all outstanding invoices. Upon receipt of this list, I will assume there are no past invoices remaining that we are responsible for paying. In addition to this list, I also would like a similar list of what is currently outstanding every Monday to be sent to outsideservices@houston.tx.gov.

Third, when sending an invoice, please verify that the PO number is already on the invoice. This act will decrease confusion and streamline the process of paying you.

Finally, please ensure that all invoices being sent are directed to the following address:

City of Houston/Fleet Management

Attn: Accounts Payable
P.O. Box 3685
Houston, TX. 77251-3185

Attn: Dee Guidry-Moore
832-393-9090

An inability to properly address the invoices correctly could result in a delay of payment.

Thank you in advance for your cooperation and please do not hesitate to contact me with any questions.

Best,

Kenneth Hoglund



ROOT CAUSE: STANDARD WORK

Step 1:

Work with Shop Manager to determine appropriate vendor once e-mail has been received notifying you that a vehicle needs to be sent for outside repair.

- What information do I need to do this?:

E-mail from shop manager which includes; shop number, work order number, location vehicle came from, diagnosis, and preferred vendor.

- What entails a defect in this step?

You did not get notification;
You got inaccurate or incomplete information

- How do I know if my information is correct?

E-mail contains shop number, M5 work order number, location vehicle came from, diagnosis, and preferred vendor

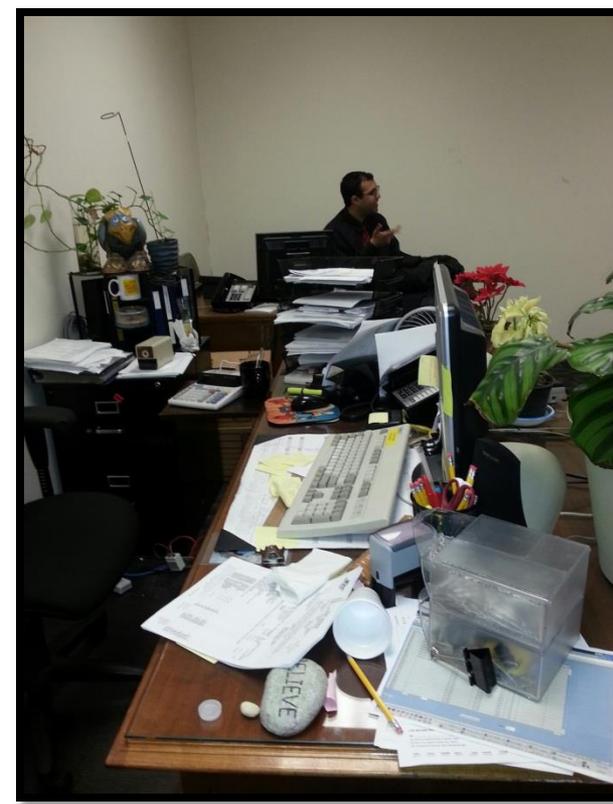
- What do I do to discover any defects?

Check ERR report daily

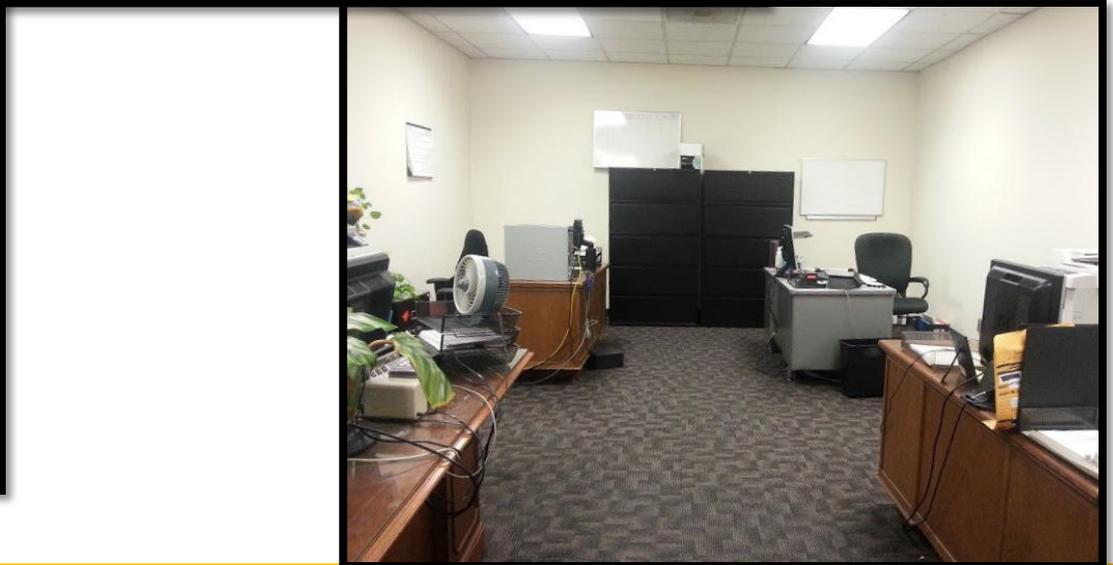
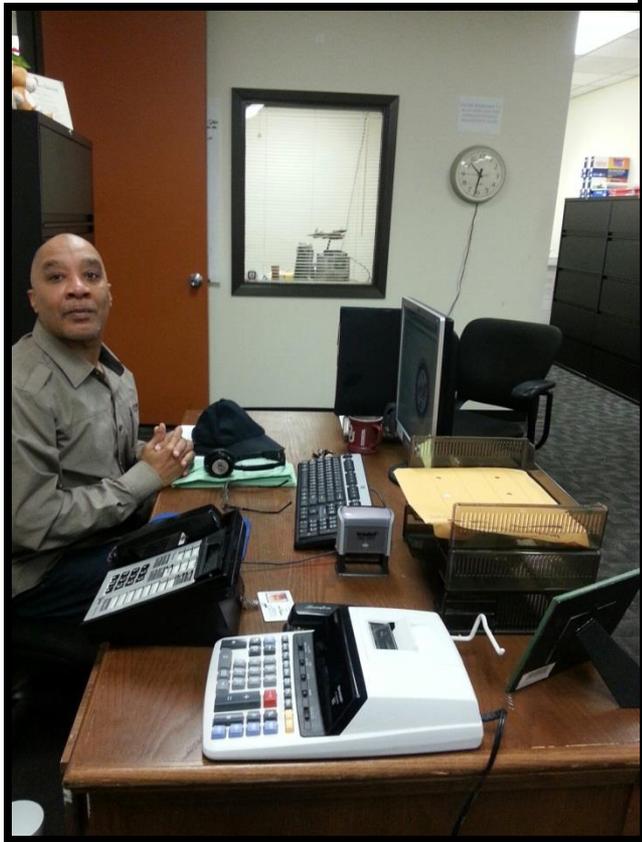
- How can I monitor and control defects?

Logging defect on white board for research

INITIAL STATE



POST-5S

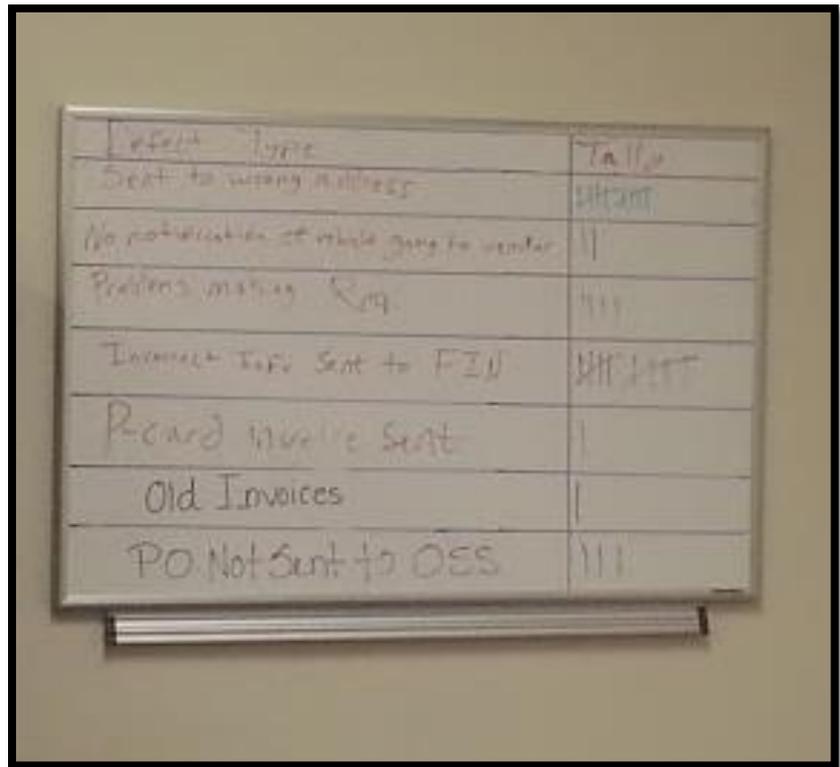
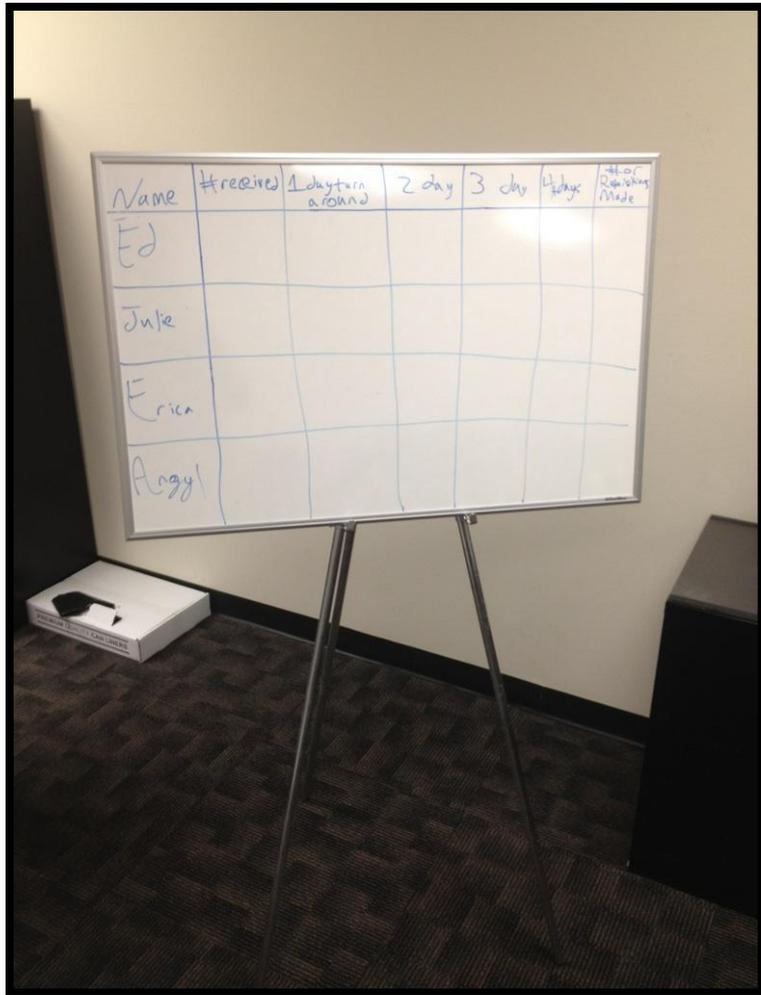


Time-Based Kanbans



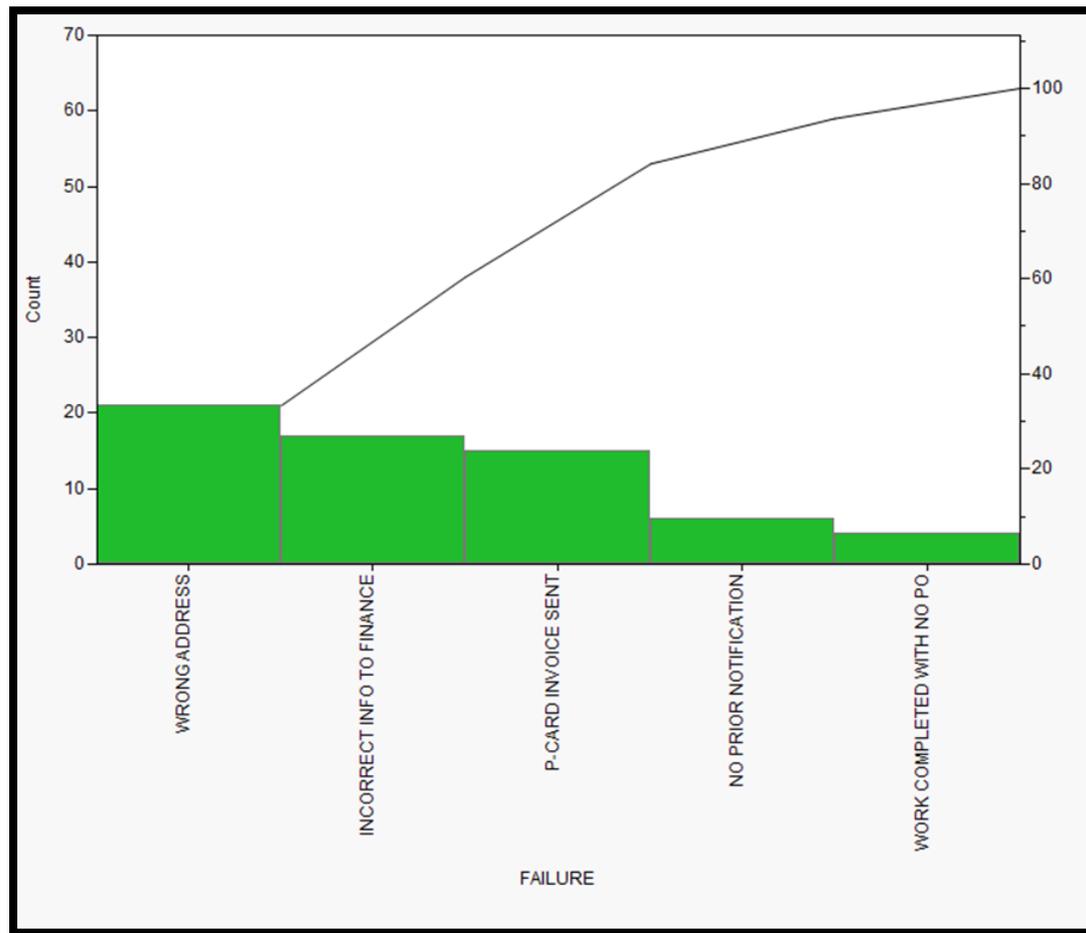


VISUAL CONTROLS





PARETO: DEFECTS FOR 1/21-1/25



TRACKING



Invoice Tracking Sheet Report				
Vendor	Invoice Date	Received by OSS	Invoice Amount	Date sent to finance
Drive Train Services	02/08/2013	02/14/2013	\$1,495.00	2/15/2013
	02/8/2013	02/14/2013	\$1,495.00	2/15/2013
	01/23/2013	02/14/2013	\$1,495.00	2/15/2013
	01/23/2013	02/14/2013	\$1,495.00	2/15/2013
	01/29/2013	02/14/2013	\$1,495.00	2/15/2013
	02/7/2013	02/14/2013	\$1,495.00	2/15/2013
	02/06/2013	02/14/2013	\$1,495.00	2/15/2013
	01/9/2013	02/14/2013	\$746.49	2/15/2013
	01/9/2013	02/14/2013	\$674.04	2/15/2013
	01/9/2013	02/14/2013	\$674.04	2/15/2013
	01/9/2013	02/14/2013	\$746.49	2/15/2013
Tommie Vaughn Ford	01/28/2013	02/14/2013	\$2,169.12	2/15/2013
	01/28/2013	02/14/2013	\$2,140.11	2/15/2013
Cy-Fair Tire	02/7/2013	02/14/2013	\$143.00	2/15/2013
	02/6/2013	02/14/2013	\$67.50	2/15/2013
	02/6/2013	02/14/2013	\$180.00	2/15/2013
	02/7/2013	02/14/2013	\$67.50	2/15/2013
	02/5/2013	02/14/2013	\$120.00	2/15/2013
	02/6/2013	02/14/2013	\$60.00	2/15/2013
	02/5/2013	02/14/2013	\$80.00	2/15/2013
	02/4/2013	02/14/2013	\$90.00	2/15/2013
	02/4/2013	02/14/2013	\$54.00	2/15/2013
	02/4/2013	02/14/2013	\$62.50	2/15/2013
	02/05/2013	02/14/2013	\$62.50	2/15/2013
	02/7/2013	02/14/2013	\$148.00	2/15/2013

RECIEVED BY: _____

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SHAREPOINT

Welcome to the Outside Services Site

Outside Services Vehicle Status Sheet

<input type="checkbox"/>	#	Shop #	Date Informed of Needed Repair	Vendor Name	Date Arrived at Vendor	Date Estimate Recvd	Requisition Date	Purchase Order Date	Date Vehicle Completed	Date Invoice Recvd	Date Receiver Completed	Date Sent to Finance
<input type="checkbox"/>		39070	1/25/2013	Knapp Chevrolet	1/25/2013							
<input type="checkbox"/>		38669	1/25/2013	Tommy Vaughn Ford	1/25/2013							
<input type="checkbox"/>		38916	1/25/2013	Tommy Vaughn Ford	1/29/2013	2/4/2013		2/11/2013	2/14/2013	2/14/2013		
<input type="checkbox"/>		38984	1/25/2013	Tommy Vaughn Ford	1/28/2013	1/31/2013		2/8/2013	2/11/2013	1/13/2013		
<input type="checkbox"/>		36598	1/28/2013	Monelius	1/28/2013				1/31/2013			
<input type="checkbox"/>		39914	1/28/2013	International	1/28/2013							
<input type="checkbox"/>		39259	1/28/2013	International	1/28/2013							
<input checked="" type="checkbox"/>		41259	1/28/2013	Monelius	1/28/2013							
<input type="checkbox"/>		39774	1/28/2013	Freightliner	1/28/2013							
<input type="checkbox"/>		40758	1/28/2013	Tommy Vaughn Ford	1/29/2013							
<input type="checkbox"/>		37414	1/30/2013	Pronto Muffler	1/30/2013							
<input type="checkbox"/>		38918	1/30/2013	Tommy Vaughn	1/30/2013	2/6/2013		2/12/2013				
<input type="checkbox"/>		37103	1/30/2013	Tommy Vaughn	1/30/2013							
<input type="checkbox"/>		38403	1/29/2013	Eagle Suspension	1/29/2013							
<input type="checkbox"/>		32429	1/29/2013	Vanguard Truck Center of Houston	1/29/2013							
<input type="checkbox"/>		37572	1/29/2013	Tommy Vaughn	1/29/2013	2/5/2013		2/12/2013				
<input type="checkbox"/>		42478	1/29/2013	freightliner	1/29/2013				2/7/2013			
<input type="checkbox"/>		35264	1/30/2013	Tommy Vaughn	1/30/2013	2/7/2013		2/14/2013				
<input type="checkbox"/>		37469		Tommy Vaughn		1/31/2013						
<input type="checkbox"/>		32674	1/31/2013	Drive Train	1/31/2013							
<input type="checkbox"/>		41403	2/1/2013	Monelius	2/1/2013							
<input type="checkbox"/>		35973	2/4/2013	Tommy Vaughn	2/4/2013							
<input type="checkbox"/>		34001	2/4/2013	KNAPP CHEVROLET	2/4/2013				2/7/2013			
<input type="checkbox"/>		40936	2/4/2013	KNAPP CHEVROLET	2/4/2013						2/8/2013	



TAKT TIME

	A	B	C	D	E
1		Apple Towing	Cy-Fair Tire	Misc. vendors	Total
2	October	344	101	188	633
3	November	157	217	298	672
4	December	142	**	210	352
5	Average	214.3333333	159	232	552.3333
6	Daily Takt Time*	8.930555556	6.625	9.666666667	23.01389
7	Per Person	2.232638889	1.65625	2.416666667	5.753472
8					
9					
10	*Assuming 24 work days				
11	**Removed December Cy-Fair due to special circumstances of the month				



THE RESULT

1	ID	Vendor	Invoice Number	Invoice Date	Received by FIN	Received by OSS	Invoice Amount	Date sent to finance	Date paid	CT from OSS to FIN
519	637	McNeilus	2105666	2/18/2013		2/22/2013	120	2/27/2013		3
520	638	Cy-Fair Tire	243658	2/17/2013		2/22/2013	95	2/27/2013		3
521	639	Cy-Fair Tire	243413	2/12/2013		2/25/2013	183.19	2/27/2013		2
522	640	Cy-Fair Tire	243591	2/15/2013		2/25/2013	55	2/27/2013		2
523	641	Cy-Fair Tire	243581	2/15/2013		2/25/2013	60	2/27/2013		2
524	642	Cy-Fair Tire	243818	2/19/2013		2/25/2013	136.5	2/27/2013		2
525	643	Cy-Fair Tire	243855	2/20/2013		2/25/2013	54	2/27/2013		2
526	644	Cy-Fair Tire	243843	2/20/2013		2/25/2013	55	2/27/2013		2
527	645	Cy-Fair Tire	243840	2/20/2013		2/25/2013	95	2/27/2013		2
528	646	Cy-Fair Tire	243795	2/19/2013		2/25/2013	62.5	2/27/2013		2
529	647	Cy-Fair Tire	243672	2/18/2013		2/25/2013	91.5	2/27/2013		2
530	648	Cy-Fair Tire	243828	2/20/2013		2/25/2013	90	2/27/2013		2
531	649	Cy-Fair Tire	243749	2/19/2013		2/25/2013	129	2/27/2013		2
532	650	Cy-Fair Tire	243743	2/19/2013		2/25/2013	90	2/27/2013		2
533	651	Tommie Vaughn Ford	404155	12/19/2012		2/26/2013	2063.27	2/27/2013		1
534										
535										2.426692

Over 500 Samples-Average of less than 2 ½ days!





Q & A