



Billing process in a multi utility: target 50 days

The client is a leading Italian company operating in the multi utility sector.

Over 750 employees in 2013; turnover of more than € 200,000,000/year. The process measured and analysed regarded the client's accounts receivable, with particular reference to billing network users.

Context

The main aim of the project was to cut the average billing time from the current 60 days approx. down to less than 50 days.

This target was to be achieved by:

- **improving process efficiency:** increasing productivity per FTE, recovering arrears and thus fully meeting theoretical production potential within the timescale established
- **improving billing criteria:** advance collection and more stable monetary flows.

Bills are currently issued by register (clustering the various geographical areas served, usually a district or a small municipality); the register is issued only when all the bills on it have been validated.

Project

The project was developed in 2012-13, alternating periods of training with practical project implementation on the part of the work group.

This parallel classroom and on-the-job training program was conducted by a work group comprising 6 company Green Belts in training with the Process Owner and the Sponsor. In addition, the team was broadened to guarantee IT support, bringing in a number of specialised figures for process data collection and processing and for a feasibility and cost estimated regarding some of the proposals presented in the Action Plan.

The traditional LSS-DMAIC approach was adopted, organised into 5 stages - Define, Measure, Analyse, Improve and Control - during which the work team applied lean skills and in-depth statistical analysis, also using software tools such as Minitab.

The work group entrusted to PRAXI consultants was managed using project management tools (Gantt, WBS, etc.), as well as others geared towards providing guidelines and facilitating teamwork.

Results

With the collaboration of the figures involved in the IT side of the process, measurements were taken by means of stratification and sampling, with the aim >>>



improving performance

PRAXI SpA

PRAXI is a leading Italian company in the sector of management consulting.

Established in 1966, it is structured as follows: 250 Employees (40 Managers), 10 Locations, € 6 million in Share Capital. The company's main activities are divided among four Divisions: Management Consulting, Information Technology, Valuations and Appraisals, Human Resources.

PRAXI's ability to offer integrated services is a key factor that makes the company stand out as a multi-disciplinary liaison in corporate consulting. Its cross-cutting approach combines perfectly with its innate ability to foster partnerships, seen as an opportunity to take on the clients' goals and build long-lasting professional alliances.

**Bologna | Brescia | Florence | Genoa | Milan
Naples | Padua | Rome | Turin | Verona
London**

www.praxi.com

of finding out more regarding:

- **process efficiency:** reducing activities linked with changing actual readings, reducing notifications of reading irregularities and improving the efficiency of controls
- **billing criteria:** bills are currently issued only if all the bills on a given register have been validated.

The reference sample comprised data on 1 year of billing (2012), and can be summarily illustrated with the following figures:

- bills issued: over 500,000/year
- about 80% of bills based on actual readings
- about 20% of bills based on estimates of consumption.

An analysis of the consumption classes showed that half of the estimate readings needed changing, while over 30% of the actual readings were signalled as "potentially critical" by the automatic control system. About half of the changes made to the actual readings were minor, and regarded lower levels of consumption (which make up the largest class).

It emerged that over 40% of bills are defined as presenting a "risk tending to zero", i.e. they satisfy a series of prudence criteria that make them suitable for immediate issue, without waiting for all the other bills on the register to be validated.

The Action Plan presented to the company comprised the following proposals for improvement, set to save the business approx. € 800,000/year:

- a new algorithm for calculating estimated readings
- introduction of a tolerance range (in the automatic control system) inversely

proportional to the consumption classes

- issue in advance of bills with "risk tending to zero" (with consequent advance invoicing and stabilisation of monetary flows)
- replacing the current half-yearly billing with quarterly billing in larger municipalities.

Future developments

In this specific case, the client requested the presence and support of PRAXI Black Belt consultants even after the implementation of the improvement stage.

The control plan set out in the action plan, developed along with the company board, contemplates a series of checks following the conclusion of the Lean Six Sigma project, to monitor the achievement of results and to introduce a culture of continuous improvement into the billing process.

In addition, in view of the success of this project, the client has commissioned another LSS project regarding the maintenance of the local distribution network.