

Case Study

NWF Fuels
Logistics & distribution
Business Process Services

Ricoh outsourced service helps leading UK fuel distributor transform credit control operations



NWF Fuels, one of the UK's top three distributors of fuel products, found its credit control print and post operation increasingly costly and inefficient. But after deciding to use an outsourced Ricoh Business Process Service, NWF

Fuels has cut debtor days by 30 percent, improved cash flow by £11m and even turned a functional expense into a revenue-generating service.

Executive summary

Name: NWF Fuels
Location: Nantwich, Cheshire
Size: 223 staff
Activity: Logistics & distribution

Challenges

- Increasingly costly and inefficient invoice processing operation
- Finance department overburdened with mundane print and post

Solution

- Ricoh Business Process Services
- Outsourced and scalable print and mailroom operation

Benefits

- Makes credit control fast, efficient and more cost-effective
- Cuts debtor days by 30%, improves cash flow by up to £11m
- Reduces time to process invoices from four hours to under 15 minutes
- Improves productivity by removing mundane tasks from skilled financial staff
- Ricoh innovation turns a costly function into a revenue-generating service

Challenges

NWF Fuels is the third largest fuel products distributor in the UK, delivering over 450 million litres of fuel across the UK to 59,000 customers. It operates a modern fleet of over 100 fuel tankers and a strategically located depot network. It supplies a comprehensive range of oil products coast-to-coast throughout England and Wales to domestic, agricultural, commercial and retail customers. The business started in 1871 supplying local farmers, and now has a turnover in excess of £350 million. It is a major distributor of Phillips 66 and Texaco products.

Despite its size and expansion, some of NWF Fuels' business operations had not always kept in step with the company's growth. One such operation was post room services, specifically around invoicing and credit control. Functions such as printing, stuffing and posting invoices and finance-related letters were being done by hand in the finance department. Typically, it was taking around three to four hours to produce an invoice. The whole process was slow, inefficient and not a good use of time for qualified finance staff.

NWF Fuels wanted to improve the production and mailroom element of its credit control operation and looked at a couple different solutions - hiring a dedicated employee or outsourcing the process. During the process the company reviewed a number of suppliers before deciding to work with Ricoh and its recommended outsourcing solution.

"What impressed us about Ricoh and ultimately persuaded us to award the contract, was the time and effort Ricoh took to demonstrate why an outsourced solution would benefit our business. Ricoh was able to show the cost advantage, but also how it could offer a more flexible service. Ricoh was also prepared to do additional analysis to show where we could make even more savings," says David France, Credit Control Team Leader from NWF Fuels.



Solution

NWF Fuels is using a Ricoh Business Process Service to outsource all of its credit control print and mailroom services. The service is fully-managed and scalable and allows NWF Fuels to streamline its finance operations. Ricoh now controls the complete process from document printing to distribution out to customers. The service covers almost all credit control documents including invoices, dunning letters and statements. It is a full-time service with invoices processed every day, dunning letters weekly and statements every month. In a month Ricoh will handle around 10,000 individual documents rising to 18,000 during peak periods.

The transition from the existing in-house process to the outsourced service was handled quickly and efficiently by Ricoh and NWF Fuels' finance team. During the bedding down period Ricoh responded very quickly when changes were needed. For example, Ricoh adapted its usual postal process to better meet the needs of NWF Fuels' customers.

Benefits

The Ricoh outsourcing service has delivered a number of efficiency and financial benefits to NWF Fuels. Significantly, it is enabling the business to reduce the delay between invoice and payment from 32 days to 21 - a 30 percent improvement. With revenues at around £1 million a day, this represents a huge improvement in the speed of revenue collection and cash flow.

Ricoh has helped NWF Fuels achieve these kinds of benefits by making the credit control process more efficient. Before it was taking on average three to four hours to print and post an invoice. Now it takes less than 15 minutes.

France says, "Credit control is a critical part of our business - it is how NWF Fuels gathers revenue and ensures the business can operate. Ricoh has delivered a great outsourcing service for us which makes the process faster, more efficient and more cost effective. It is that added value that Ricoh brings to the table - like showing us how to make a basic function generate revenue - that makes the Ricoh service transformational."

Not only does outsourcing to Ricoh cost less than doing it in-house, it also releases finance staff to concentrate on more value added activities. Ricoh also introduced some new ways to make the service more cost effective. For example, Ricoh carried out a process audit and then suggested using white space on documents, such as statements, to market new services and offers to customers. This has helped to increase cross-sell opportunities and increase revenues.

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Outsourcing the process to Ricoh removes the problem of having to manage seasonal fluctuations in demand. Cold winter months cause a large increase in demand for NWF Fuels with credit control document processing almost doubling. Ricoh's enterprise scale print and mailroom facilities are easily able to adapt to this kind of rise and fall in demand.

NWF Fuels has been impressed with the quality of service and innovation that its partnership with Ricoh has delivered. Ricoh is very responsive to any issues that arise, often resolving them within half an hour. Ricoh has also come up

with innovative ways to improve processes and is now talking with NWF Fuels about how its outsourcing service can be applied to other aspects of the business. For example, many customers use NWF Fuels-branded payment cards and these could also be processed and distributed by Ricoh.

Ricoh Solution/Products

- Ricoh business process consultancy
- Outsourced print and mailroom service

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