

# Printing money

## WINNER Best process improvement initiative

A complete overhaul of its print and logistics supply chain meant great executive sponsorship for Barclays and improved internal communication

**The group logistics review, of Barclays Bank, which re-engineered its print logistics processes, is literally a lesson to others; it's taught on the MBA and executive MBA courses at the Insead business school in France.**

The GLR started in 2002 as a review of marketing logistics, says Ray Huntzinger, director of functions - business transformation, and the GLR's driving force. "But when it turned out to affect so many areas, we realised that if we didn't do it as a group, it would be an exercise in futility." The board, including then deputy chief executive and GLR sponsor John Varley, agreed and the project was executed in only 18 months.

Printed products are one of the main ways for Barclays to communicate with its 15 million-plus customers and 74,000 staff (many employees don't have e-mail). The bank spends more than £200 million a year on designing, printing, storing and distributing almost 2,000 varieties of printed materials (90 per cent of it marketing literature).

"Our first achievement was mapping the supply chain for print and distribution services," says Darryl Stannard, sourcing manager. The work, led Keith Middlemass, a partner at Accenture, uncovered more than 200 suppliers, myriad print buyers and non-standardised, unintegrated processes.

The review had several objectives. First, reduce the number of suppliers and develop partnerships with the remainder. Second, implement the print management service provided by supplier Communisis across the group. This posed challenges for Barclays, whose separate businesses had tended to operate in silos.

It also aimed to move warehousing, response and fulfilment to Communisis and create a central team to keep branches stocked but also cut the material held in warehouses. A concerted communication effort, including a Chain Mail newsletter, helped to embed the GLR into the bank's daily activities and win over staff to the changes.

"We had a day when we invited in [our partners in the logistics chain]," Huntzinger says. "We sat all of the CEOs in one room and said, look, this is not going to be a sole contract, you guys are going to have to work together." The reaction was initially mixed, but Barclays now has six key partners.

One of them is Communisis, which provides print and warehousing services. The original contract was signed before the GLR, but, says Paul Simpson, head of UK operations, the relationship has developed so far "we see ourselves as partners". About 80 staff, including business analysts, work in Barclays offices. Communisis's involvement includes close ties with campaign managers, and it handles 90 per cent of print needs.

The marketing team was already reviewing its logistics operations, and wanted a workflow management system. Fred, as Barclays calls it, is a tailored version of Communisis's C-Store software and makes projects visible from initial concept to delivery, which makes campaign management easier. The visibility has also increased contract compliance.

Sharon Downing, supplier relationship manager at Barclays, negotiated the original Communisis deal. She says: "I don't think it was ever envisaged that Fred would become such an essential part of everyday life." It also provides more accurate information to make offshoring some work a possibility.

Another target was to maximise mailing discounts by creating a mailsort system. Both Royal Mail and Barclays work in heavily regulated industries - postage prices are fixed, for example - but more cost-effective use of Royal Mail saved £7.5 million last year out of £21 million savings. It is on course to save £10.9 million a year in 2004-07 out of annual savings of £33 million.

Howard Biggs, a member of the original GLR team, has visited Insead to give a presentation and will do so again next year.

The judges were similarly impressed. "This team went straight to the top to get executive sponsorship," they said. "They continued a complex programme of change with great communication to achieve millions of savings, a much simpler logistics service and a single dominant print partner."

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