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## Order Rewards: A Focused Internal "Customer" Incentive Plan to Drive Efficiency and Reduce Costs

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SCM 7990-80

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**Final Project Abstract:**

**Order Rewards**

**(A Focused Internal “Customer” Incentive Plan to Drive Efficiency and Reduce Costs)**

**Capstone Idea/Summary:**

An industry leading wholesaler in the Dayton area, with a focus in the residential and commercial construction, and industrial supplies and equipment market segment, has a unique problem that needs to be addressed. The company’s specialized setup - with multiple local companies sourcing heavily through the sourcing wing of the company, but not obligated to use the sourcing division for any of their purchases - creates a direct opportunity to enhance purchasing efficiency at the local level, and operational efficiency at the sourcing level, by incentivizing -- not penalizing -- the local companies to submit accurate orders to the sourcing division.

The challenge facing the organization is the sourcing group currently does not have a way to incentivize the ‘customer’ – which is the local company (or LC) - to order more efficiently with the sourcing group, leading to a high percentage of orders placed by LC’s to need manual correction by the sourcing group’s central services order processing team. The major focus of the project is to create a well-defined incentive program that rewards Local Companies for the accurate orders they submit to the sourcing division of the company, thereby limiting the number of orders that are manually worked by the central services order processing group of the sourcing team. The intended outcome of the project’s efforts is to reduce unnecessary transactional costs within the company, increase the speed to market of the items the local companies are looking to procure from the sourcing team, and drive overall efficiency within the supply chain.