CHAPTER I
INTRODUCTION

I.1 Background

The development of industrial world in Indonesia especially in logistic sector increased as well as the Indonesia's economic growth. The increase occurred in 2012 was more than 14.2% or as much as 1.408 trillion rupiah, where that number was much bigger than 2011 with its increase only 1.233 trillion rupiah (Asosiasi Logistik Indonesia, 2013). This fact had caused the investment sphere in Indonesia became more attractive especially for logistic service providers. The completion between the logistic service providers would also become tighter because each provider would give their best for the consumers.

XYZ Company is one of the company that runs in logistic services (Third Party Logistics-3PL) which has a lot of kind service. The service that offered by the XYZ Company are logistics services, transportation logistics and forwarding services. XYZ Company has several customers who used logistics services. The total number of customers currently are 22 company, consisting of dry or wet product. One of the company that use the logistic service from XYZ Company is DEF Company. DEF Company is the company that runs in the industry that concern to distribute the import goods especially perfume products. XYZ Company is offering the logistic service to DEF Company such as managing the goods, saving the goods in storage, keeping the goods and sending the goods.

Running the warehouse and logistics service, there are a few activities that happens like inbound and outbound process. Inbound is the process that the goods are entering the warehouse. While outbound is the process that the goods are leaving the warehouse or in the other words delivered to the customer. In inbound and outbound process there are a few documents that is run by XYZ Company, so the DEF Company only report when there is a new item that entering the warehouse

(purchase order doc) and when the items are delivered to the customer (sales order doc) through the email, other than that activity, everything is run by XYZ Company.
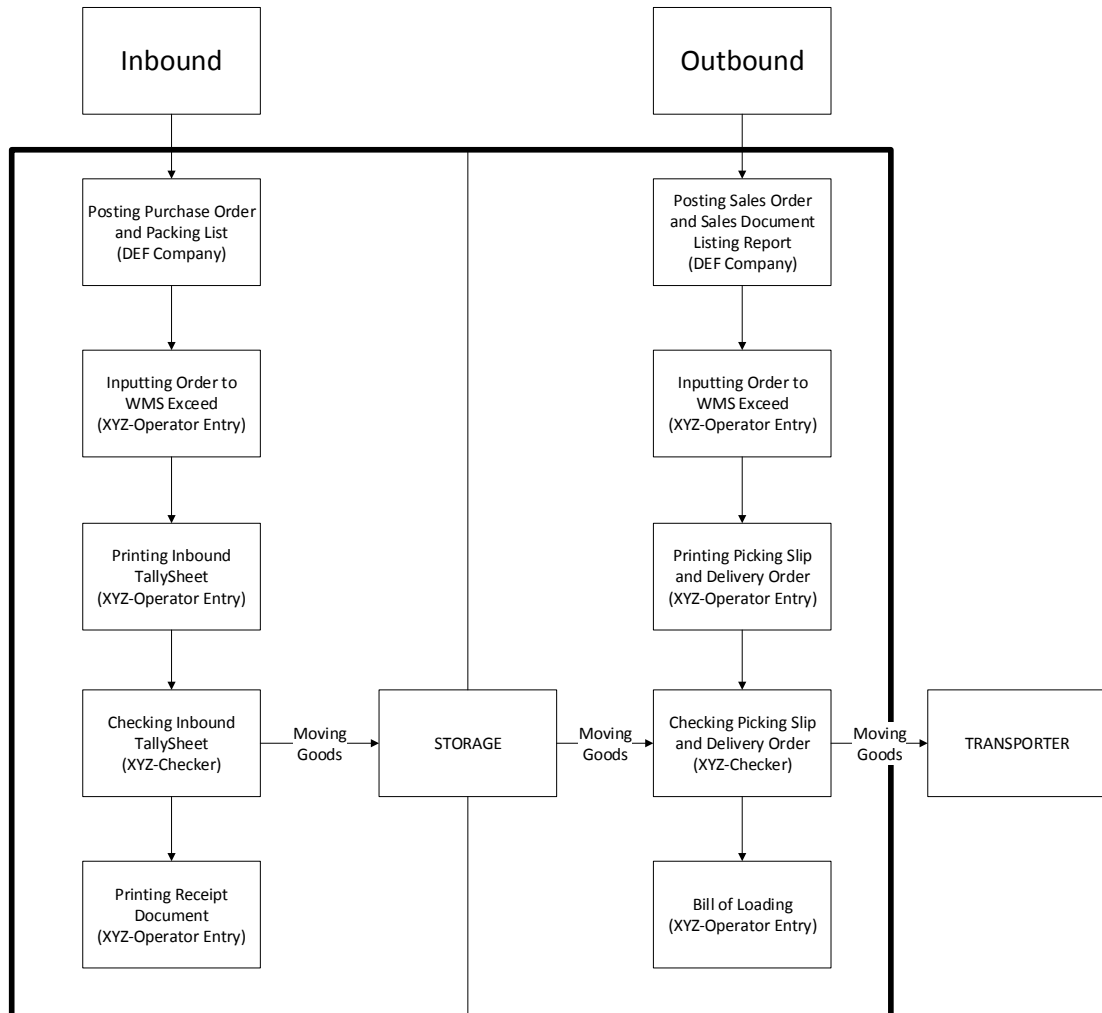

Figure I.1 Flow Process Handling Goods DEF Company by XYZ Company

In the Figure I-1 explains the flow of the goods handling process in the XYZ Company warehouse that needs two main activities there are inbound and outbound. The process of PT DEF handling product Figure I-1, involved some physical documents in the each process. The documents are Purchase Order (PO), Packing List (PL), Inbound Tally Sheet TS), Receipt Document, Sales Order (SO),

Sales Order Collective (SOC), Picking Slip (PS), Delivery Order (DO), and Bill of Loading Document (BOL).

Inbound activities in the warehouse of XYZ Company is started when the employee of DEF Company sends the purchase order to the XYZ Company through the email one day before. Purchase order (PO) is containing of the type, the quantity, and the arrival time of the goods. Other than that, email is also attached with the Packing List. Packing list is a group of the PO. Next operator entry of XYZ Company will receive a PO email from DEF Company to be processed to the next step, which is inputting to the WMS system. This process is to make sure that the PO data is in the system, so it can be printed the Inbound Tallysheet Document. It can be used as the guide of the checker when checking the incoming goods to the store. Operator Entry (OE) will print the inbound tallysheet document after inputting the PO data into the WMS-Exceed system. After that, OE will put the Inbound Tallysheet document on the table for the checker to be picked.

The checker will come periodically to the OE office to check the availability of the order. After receiving the Inbound Tallysheet document, the checker will be in the loading dock to check the completely of the goods that is received or will enter to the warehouse, if the broken goods or non-listed goods according to the inbound Tallysheet document, the checker must make the *Berita Acara Serah Terima Barang* form. If the status of the goods are fine (Not less or broken) so the checker will order the picker to pick the goods from the loading dock to the storage.

The next process is the Operator Entry will receive the Inbound Tallysheet which is already checked by the checker and receive the *Berita Acara Serah Terima Barang* for reject goods form the checker. After inputting the data, OE will print the receipt document which is used as the evidence that the goods inbound process is already done..

Outbound activities in the warehouse of XYZ Company is started when the employee of DEF Company sends the Sales Order (SO) to the XYZ Company through the email one day before. Sales order is containing of the type, the quantity, and the purpose. Other than that, email is also attached with the Purchase Order

from the store that ordering to DEF Company. Operator Entry (OE) of XYZ Company will receive the SO email from DEF Company which containing an attachment file with the format (*.txt). To make it read to the system, OE has to upload the SO to the template that is available in WMS system.

After uploading the SO template, Operator Entry will input it in the WMS system of XYZ Company immediately. This process is to make the SO data inside the system, so they can print the Sales order, picking slip, and delivery order document. Sales Order document is used as the evidence of the order to the XYZ Company. Picking slip and delivery order document are used as the guide of the checker when they are checking the goods of the customer.

After being printed, Operator Entry will put the sales order, picking slip document and delivery order document on the table to be picked by the picker. The checker will come periodically to the OE office to check the availability of the order.

The checker will be in the loading dock to check the completely of the goods, if they found the broken goods and not same goods according to the picking slip and delivery order, the checker will report it to the OE office to make the delivery order revision. The checker will give an order to the picker to move the goods from the loading dock to the container. After the moving process is done, the checker will give the picking slip and delivery order to the OE officer.

Operator Entry (OE) will input the already checked picking slip and delivery order data to the computer. Next, OE will print the bill of landing document, which is used as the notification of the end of the outbound activities in the warehouse of PT XYZ and the delivery goods is already in the container
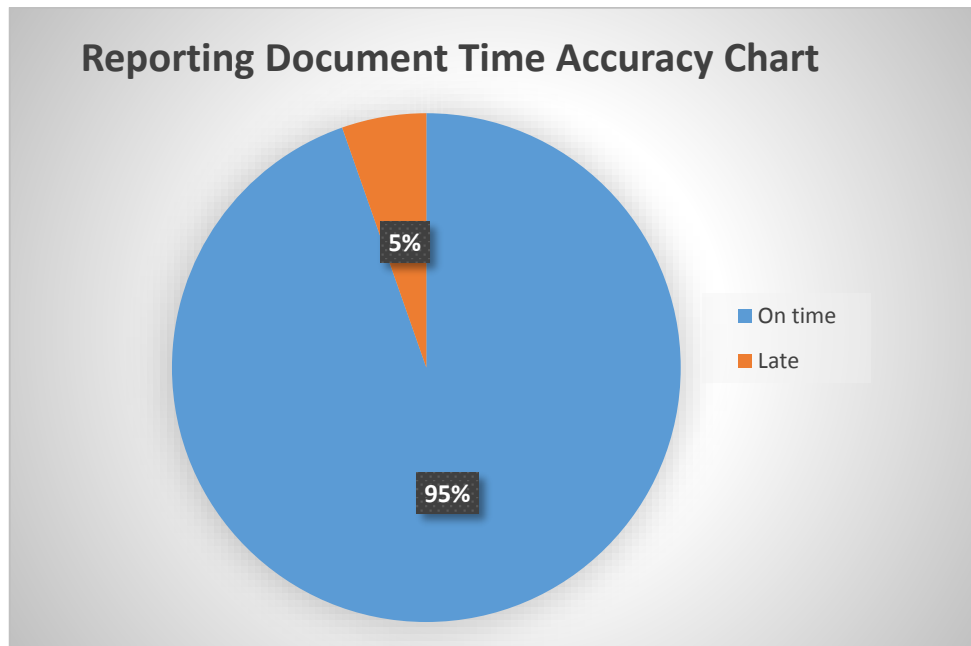
Figure I.2 Reporting Document Time Accuracy Chart (PT.XYZ, 2014)

In the Figure I.2 explains about the accuracy of the time document report from XYZ Company to the product of DEF Company. The lead time document reporting is counted when the sales order is processed by the XYZ Company employee from DEF Company through the email until the goods ready to be sent. Lead time that is set by the XYZ Company is one day (approximately delivery of the goods is 1 day after the day that is being set). This thing is one of the key performance indicator (KPI) of XYZ Company to keep the service level to the customer, one of it is DEF Company.

In the Figure I.2 shows percentage of the lateness of the document reporting DEF Company by XYZ Company in April is 5%. This thing shows that XYZ Company is not yet achieve the standard set by KPI (99,99% ontime). With the higher of the percentage in the lateness of document reporting will make the lateness in delivery of the goods and it will affect to decrease the present service level performance.

According to the observation and interview with one of the department head from XYZ Company, something that made the lateness of document reporting is because

it is unorganized and it didn't manage well. In the inbound and outbound activity that happens in the warehouse they are using the documents which are connected to each other, so if there is one document that is late in the process, the employee cannot continue to the next process. So the delivery of the goods will be delayed until the document is finished in the XYZ Company. With the more lateness of the departure time of the fleet, it is causing the risk of the lateness of the delivery customer is bigger.

Unorganized of the order document is caused by three kind of factors, they are human factor, machine and the method that is used. The discipline of the operator and the less knowledge of the operator in the field of the flow of the process is the first problem. The second cause is the document reporting system is still using the old method which is still using the physical document. In addition, there is no standard method about document reporting system, it becomes one of the causes of the lateness also. The third cause is sometimes the printer is broken (error) so it becomes the obstacle to print the document. The root cause identification unorganized document can be seen at Figure I.2.
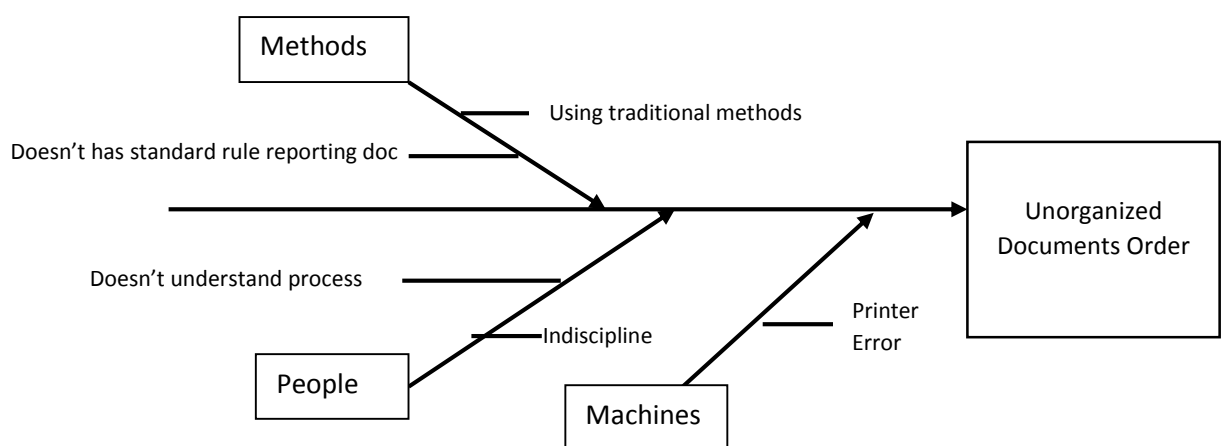
Figure I.2 Fish bone diagram cause lateness reporting document (PT.XYZ, 2014)

The lateness of document reporting has been repaired by using the Business Process Improvement in the research with the title "*Desain Usulan Proses Bisnis pendistribusian barang pesanan pelanggan pada PT. Industri Telekomunikasi Indonesi (PT INTI) dengan Menggunakan Metode Business Process Improvement*" (Yogaswars, 2010).

According to the problem, this research will be identified by identifying business process from XYZ Company in document reporting to DEF Company. The next step is to eliminate the problem and design proposed improvement XYZ Company document reporting business process. Business Process Improvement (BPI) can help to minimize the business process so can give a guarantee organization internal and external customer to get the output that is much better (Harrington, 1991). Business process simulation can minimize the lateness of the DEF Company document report, so the service level of XYZ Company will be rising.

I.2 Problem Formulation

Based on the problem that has been explained on the problem background before, the appropriate research question that can be drawn is "How to fixing the documents flow business process in the inbound and outbound activity, so it can minimize the delay of the DEF Company document report by XYZ Company?"

I.3 Research Objective

The goal that the researcher wants to achieve is in this research is to create a proposed of document flow business process in the inbound and outbound activity, so it can minimize the delay of the DEF Company document report by XYZ Company.

I.4 Problem Boundaries

1. The Research only occurred in inbound and outbound activity of DEF Company product
2. Data which is used is the historical data in 2014.

I.5 Research Advantage

The advantage of the research for the company are

1. Fixing the of document flow business process in inbound and outbound activity to minimize the lateness of the document report of the DEF Company products.
2. Increasing the service level of the Company.

I.6 Writing Systematics

Chapter I   Introduction

On this section of introduction, it will be explained about the matters why this research is being examined. After knowing the problem background of this research, the next is about drawing a research question. Deciding the purposes of this research is what must be done after that. In this research, it has been decided how far this research is going to be. Several benefits of this research are also explained as well.

Chapter II   Theoretical Basis

On this section of theoretical framework, it will be described about the methods used in this research is Business Process Improvement (BPI). The aim of this chapter is to shape a mindset about the theories that will be used on discussion and designing the final result of this research. The theories that will be explained are about Business Process Improvement (BPI) and other theories that are necessary for this research.

Chapter III Research Methodology

On this section will be explained about the research methodology. Research methodology is used as the basic phase on doing research. On the research methodology there are conceptual model and problem solving systematic.

Chapter IV Collecting and Formulating Data

In this chapter is about the general company data that we got through the interview, observation and company's past record. The processing of the data is using a method that is used as the research methodology in the Chapter III. The processed data is used as the basis of the suggestion of improvement

Chapter V Analysis

Analysis is done to the processed data and suggestion of improvement in the previous chapter. Analysis is also done in the comparison of the first condition and the last condition after the improvement.

Chapter VI Conclusion and Suggestion

In this chapter is given the conclusion from the result of the research and the suggestion to the company. And also a suggestion to the next research in the future.