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Improving Communication between 3rd parties and internal departments in a E-tail Fashion Industry

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Master Thesis

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“There is no happiness except in the realization that we have accomplished something”

Henry Ford

Abstract

The company under study, an online fashion e-tailer, has been growing at a fast pace over the recent years. Due to the fact that all goods sold through the platform belong to luxury boutiques, the company's operations highly depend on their performance. The business' characteristics lead to an intense communicational flow between the company and boutiques, in order to fulfill customers demands. With the number of orders sold by the company increasing continuously, the department responsible for dealing with boutiques has been suffering from growth side effects. The higher volume of communication results in longer resolutions, with direct impact on the service to the customer.

It is this dissertation's goal to enhance the department responsible for the boutiques' communication efficiency. After studying the root causes of the difficulties felt, with the use of lean analysis tools, a range of development ideas were introduced to the team. The project comprises two lines of action: improving internal communication and developing a new reporting tool - both are expected to boost department productivity.

The first solution to mitigate the department's issue was the development of communication rules to be applied. Templates for each communication channels were created in a way that automatically required information would be displayed and then filled in by each agent. Similarly, new features were implemented in the company's commucation tool allowing a flow of information between teams directly, reducing unecessary third parties to be involved in the course of action. A new feature was also generated to enhance communication quality and diminuish reopening messages. A dashboard was created, available to all department stakeholders, to monitor the solutions' results and control the department's efficiency.

The new reporting tool aims to facilitate the creation of reports to the boutiques. These reports have the main goal to align boutiques' performance with the company's strategy. The development of a formal report structure and the automatic access to it results in less time consuming and more efficient processes.

With this project, the department under study will be able to increase its efficiency and its communication, thus contributing to a stronger and more fruitful customer experience.

Resumo

A empresa em estudo, retalhista de moda online, tem vindo a crescer a um ritmo acelerado nos últimos anos. Devido ao fato de todos os artigos vendidos através da plataforma pertencerem a boutiques de luxo, as operações da empresa dependem do desempenho das mesmas. Tais características levam a um intenso fluxo comunicacional entre a empresa e as boutiques, de forma a garantir as exigencias dos clientes. Com o número de encomendas a aumentar, o departamento responsável por lidar com as boutiques tem vindo a sofrer efeitos colaterais do crescimento. Quanto maior o volume de comunicações, maior o tempo de resolução de problemas, com impacto direto no serviço prestado ao cliente.

O objectivo desta dissertação é melhorar a eficiencia do departamento responsável por comunicar com as boutiques. Após estudar as causas raiz das dificuldades sentidas, através do uso de ferramentas de análise lean, um conjunto de ideias foram implementadas na equipa. O projecto compreende duas linhas de acção: melhorar a comunicação interna e o desenvolvimento de uma nova estrutura de relatório – tal é expectavel de melhorar a produtividade do departemento.

A primeira solução encontrada para mitigar o problema do departamento foi o desenvolvimento de regras de comunicação. Foram criados modelos de texto para cada tema de comunicação, em que é mostrada a informação necessária pelos outros departamentos, e consequentemente cada agente garante o seu preenchimento. Para além destas, novas funcionalidades foram adicionadas à ferramenta de comunicação da empresa, permitindo fluxos de informação directos entre equipas, reduzindo a participação de departamentos quando a sua acção já não é necessária. Outra funcionalidade foi introduzida para melhorar a qualidade da comunicação e diminuir a reabertura de mensagens. Para além das anteriores implementações, foi criado um dashboard, com acesso por parte de todos os agentes do departamento, para monitorizar os resultados das soluções implementadas e controlar a eficiencia do departamento.

A nova estrutura de relatório desenvolvida para o departamento tem como objectivo facilitar o acesso dos dados às boutiques. Este relatório tem como função alinhar o desempenho das boutiques com a estratégia da empresa. O desenvolvimento da estrutura formal do mesmo e o acesso automatico garante agilidade e eficiencia nos processos.

Com este projecto, o departamento em estudo terá a possibilidade de aumentar a sua eficiencia de comunicação, contribuindo para uma melhor experiência para o cliente.

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I cannot forget Carolina for always believing in me, while being by my side.

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1 Introduction

Luxury commerce is growing at a fast pace. This market's evolution is being highly influenced by technology and the possibility to sell goods across the globe. However, the merge of both worlds is not spontaneously complemented. Luxury items' sales are usually related to traditional boutiques with personal interaction. On the other hand, Internet transactions are generally known for mass consumptions with low degree of customization.

The combination of elite goods and virtual environment has been successfully achieved by the e-tail company Farfetch. The eight year-old fashion company is growing more and more its sales volume and aims to differentiate itself from competitors by improving its operations.

The present dissertation, developed at the Farfetch Continuous Improvement team, has the main goal of boosting business communications and improving company's efficiency in order to ensure the experience expected by customers of the luxury segment.

1.1 Project Background

Farfetch is a curated fashion platform, which connects consumers with carefully selected products from a large global network of independent boutiques. The concept behind the company is to link well-heeled consumers with luxury stores around the world, which they might not have the chance to visit due to geographical constraints. Farfetch is marketed for "fashion lovers, not followers" and it currently sells items from more than 400 boutiques, displaying an average of 150,000 items from 1,600 different designers.

The difference between Farfetch and other fashion retailers is the fact that all luxury goods sold through its platform belong to the boutiques and Farfetch only operates as a bridge between stores and world wide customers. Due to this, the online marketplace does not hold inventory. Instead, Farfetch focuses on creating a smooth international shopping experience for customers by handling the logistics. Starting from photographing items to making them available on the website, marketing products, payment processing, fraud detection ending in customer support, in which boutiques just have to pack the online purchased items.

In the words of José Neves, the company's CEO, without Farfetch stores would only "be open 10 hours a day, six days a week and would be constrained to geography". The website gets over 10 million hits a month and ships garments to more than 190 countries. Each luxury good is collected by courier providers and directly delivered to customers.

From the customer perspective, Farfetch enables what other fashion retailers have not been able to replicate: buying a wide range of fashion forward products in a huge community of luxury boutiques, through a high quality service.

Due to the uniqueness of Farfetch business model, there are major differences from its competitors with high impact in the way the operations are performed.

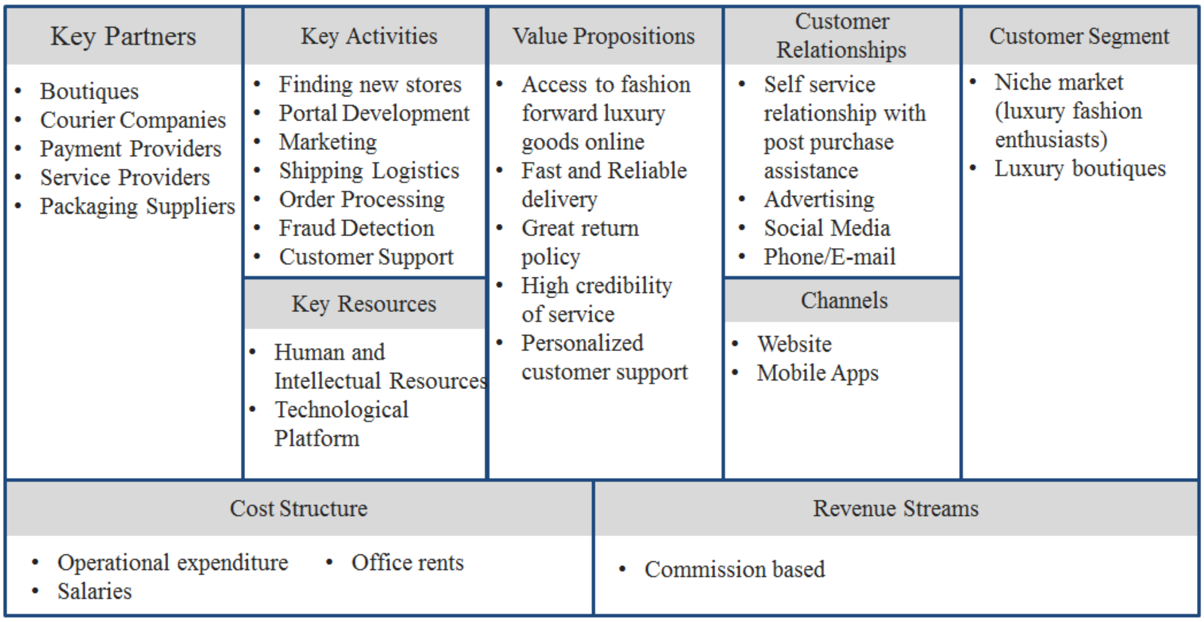

Figure 1 - Farfetch Business Model Canvas

Farfetch has two major advantages in comparison to its competitors. First of all, the company does not hold inventory – all products belong to the boutiques. Such factor enables the company to save resources related to stock storage and it never loses money with items whose sales were less than expected. Moreover, due to the huge diversity of boutiques on Farfetch community, there are numerous stores with different fashion concepts. This enables the platform to offer customers five times more goods than any other retailers. However, Farfetch operations are more complex, demanding a very intense communicational flow in order to maintain a high-standardized service level.

The company is now present across seven countries, with offices in Portugal (Porto and Guimarães); UK; Japan; China (Shanghai and Hong Kong); Russia; USA (New York and Los Angeles); and Brazil. The organization employs about 1,000 staff and each office deals with different facets of the business. The present project was developed in Porto's office where the majority of operations are located. There are eight departments in this branch: Technology, Operations, Account Management, Partner Service, Customer Service, Merchandising, Finance and Human Resources. The Operations department is divided in four teams: Delivery, Fraud and Payment, Supply and Continuous Improvement.

The last one, where the present project was developed, is currently focussing on setting up procedures and adjusting improvements opportunities. It is this dissertation's goal to aim its attention at the Partner Service (PS) department and improve the team efficiency and productivity in terms of communication.

1.2 Problem Description

Farfetch is going through an effulgent period of business prosperity. The number of orders sent to worldwide customers is increasing, as presented on Figure 2, and so is the complexity of company's operations. This exponential growth is directly connected with the increasing volume of communications, in which Farfetch keeps in touch with its partners – boutiques.

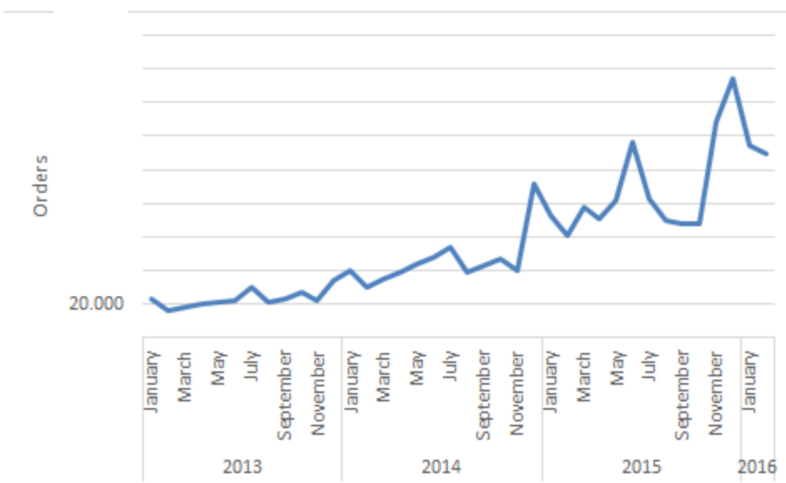

Figure 2 - Orders sent evolution

Because the number of partner boutiques is also growing, as well as the amount of orders sold by them, a more intense communicational flow is generated. Such intricacy results in longer time for requests to be settled, causing a worse service to the final customer.

With the aim of potentiating performance and increasing customer satisfaction, there is an on-going pursuit to improve communications, while increasing its production efficiency. PS department is the team that primarily communicates with boutiques to solve its requests and fulfil customers' demands from the boutique perspective. Due to this, the present project focuses on examining this department communicational issue, identifying improvement opportunities and developing solutions to overcome such problems.

1.3 Project Objectives

The main purpose of this dissertation is to provide a better service to Farfetch's final customer, by improving the communication exchanged between PS department and boutiques. It is necessary to reduce the very intense communicational flow, which is causing an increasing backlog on the PS team and is lowering department efficiency. The concept of backlog is connected to the accumulation, over time, of messages with requests waiting to be fulfilled. The bigger the PS team backlog gets, the slower the response time to the customer is. Such cause has high impact on agents' efficiency.

This project aims to improve PS department's efficiency by enhancing requests assertiveness, reducing the number of messages exchanged with boutiques, decreasing requests resolution time and improving PS agents' workload efficiency.

From the customer point of view, it is aimed at providing quicker responses to improve customer experience. All developed solutions are oriented to increase customer's satisfaction.

1.4 Methodology

The present project aims to solve communicational problems of the PS department. This is related to various issues, connected among them. This dissertation is divided in two main topics – the internal communication improvement project and the new reporting tool development. In order to accomplish the previously stated objectives, and therefore meet Farfetch's expectations, both implementations followed the same methodology:

Figure 3 - Project Methodology

Each topic's issues were clearly identified and analysed. After understanding their impact on the department's efficiency, a solution was proposed to overcome these obstacles.

Once the solution was implemented, it was crucial to firstly test it with a small group of PS agents. The pilot enabled to find possible implementation problems in a controlled environment, without disrupting the entire department. If the applied solution would be aligned with projected goals, it would be implemented to the rest of agents not included in the pilot. This methodology process is followed by training sessions to all agents. These workshops teach agents how agents interact with new procedures and what they can expect by using them. The explanation of possible achievements by the use of new tools helped PS agents to be more actively engaged with the solution. Before to the roll out phase, follow up with agents allowed to adjust and improve processes. At the same time, monitoring results helped to understand the effectiveness of the process and pointing to improvements reached.

During this project process, testimonials from different Farfetch departments' agents were always took into account, and helped to make them feel part of the problem's resolution.

1.5 Report Outline

The present report is structured as follows. Chapter 2 covers the literature review of the main themes of this project. Luxury e-commerce is studied, relating this market's specifics with its customer's high demands. In order to improve buyers' experience, organizational communication, lean thinking philosophy and business process modelling and reengineering are analysed to understand their impact on companies' operations. Key performance indicators are briefly reviewed to study metrics suitable to the project.

Chapter 3 provides an overview of the Partner Service department. This section describes this Farfetch team's activities, as well as the metrics in which all procedures are based on. In here it is possible to understand the connection between PS agents and boutiques, regarding daily basis workload.

After contextualizing the target department of the present continuous improvement project, chapter 4 presents constraints and opportunities of the same. Firstly, the methodological approach to discover root causes of the problem to solve is introduced. From this analysis, two different types of issues are presented. For each of the problems found, the causes and negative consequences to the company are brought forward.

Section five comprises all the solutions developed to mitigate the problems previously identified. The project comprises two lines of actions and its results to boost PS department efficiency.

Chapter 6 concludes this dissertation report by highlighting each proposed solution achievements and its impact to the project goal. In this section, relevant topics for future development are also pointed out.

2 Literature Review

The present chapter will focus on the literature of key concepts relevant to this project. It will explore the conceptions behind luxury e-commerce characteristics, its customers' high demands and the importance of effective and efficient organisational communication to improve performance and meet clients' expectations. In addition, the analysis of Lean Thinking to service industry is also provided. This leads to the exploration of organizational procedures and the possibility to find activities that can be improved due to not adding value to the final costumer. Moreover, the study of the impact of business process modelling to better understand performances and identify improvement opportunities as well as evaluate possible changes with the use of key performance indicators that assist on the evaluation of the impact of such proposals.

2.1 Accessing luxury goods through e-commerce

Luxury has been used from early ages as a way to make a statement. Since ancient civilizations nobles and aristocrats have used extravagant goods to differentiate themselves from the less privileged. In spite of nowadays the class distinction not being so extremist, human beings still aim to be appreciated and recognized, in most cases by exhibiting material possessions that provide an indirect social stratification (Okonkwo 2009).

In order to make a great impression on others, through physical appearance and fashion, people are willing to expend high amounts of money for exclusive products. However, quality and design are not the critical factors for individual's wishes for luxury goods. The lifestyle projected by the brands has a crucial impact on the buying process, where elegant packaging, fashionable store locations, advertising campaigns and extravagant prices boost luxury consumption that becomes a pure display of wealth (Husic and Cicic 2009). As a result, the luxury market has been growing at a fast pace. This is happening due to globalization, new market segments, international travel and culture convergence as well as digital communications, causing new business challenges that were not usual to luxury stakeholders. New geographical segments such as China, Russia, India, the Middle East, Brazil and Mexico are now also consuming exclusive products and improving the continuous evolution of luxury (Okonko 2009).

While some publications recognize the importance of the luxury demand in addition to the avant-gardism and creativity characteristic of this industry, others point the incompatibility between elite goods and the virtual environment (Okonkwo 2009). Solid established fashion brands have been adapting their marketing strategy to the use of the Internet in order to suit to their customer's requirements and to the adapt to the future. Despite fearing, at the beginning of Internet massification, the loss of control and the lack of exclusivity due to digital channels integration, where buyers and fans can access interactive products, paradigm is currently shifting. Nowadays luxury brands highly invest in web presence as an indispensible strategy to reinforce sales and meet customer's demands (Bjørn-Andersen and Hansen 2011).

Several luxury brands have been conducting their strategies on the use of e-tail as a mean to promptly influence consumers. However, luxury market faces multiple challenges and opportunities on the Internet. On the one hand, the risk of over-exposure available to a mass consumer base can jeopardize the idea of exclusivity as well as the lack of physical contact with products and sellers. On the other hand, the online experience is much faster and convenient for a buyer and a wider selection of products is accessible, which can improve client's acquisitions. In fact, luxury industry has been showing signs of commitment towards e-Business, based on the creativity required for the market (Okonkwo 2009).

Customer experience of e-commerce platforms has been improving along the years. However, the sale of luxury goods over the Internet, without physical interaction, cause dubiousness about the item's authenticity to the clients (Chen and Dhillon 2003). To overcome buyers obduracy, platforms of luxury have to provide an involving experience to users, in order to be memorable and interactive. It is crucial to combine emotions, image and perception to supress intangibility (Bjørn-Andersen and Hansen 2011). Security, confidentiality and integrity are values that potentiate customers' engagement in the use of e-tailor websites. Luxury buyers are extremely demanding and in order to promote client's gratification towards the company not only the platform has to fulfil their experience expectations but also provide direct contact with customers and great support services (Kolsaker and Payne 2002).

2.2 Organizational Communication

Communication can be defined as the process of transmitting information to other individuals in order to interchange ideas, facts and courses of action, causing response results (Jason S. Wrench, Narissra Punyanunt-Carter 2005). Corporate communication is an interdisciplinary field in which transmission of information and management meet, allowing organizational stakeholders to mutually exchange information, by intentionally using verbal or nonverbal messages (Yavuz Gorkem 2014).

Organizational communication can be distinguished as internal or external. Despite numerous studies that point the fuzzy boundaries concerning both of them, the first one focuses on communication between workers of the same organization, while the later focuses on the transmission of information to individuals outside stakeholder's company (Welch and Jackson 2007). Every organization's leader tends to highly empower the two fields of communication. Conflicts happening in the internal communication environment can binder the transmission of messages regarding external activities (Jason S. Wrench, Narissra Punyanunt-Carter 2005). Good business habits lead to good external communication. Because of this, many companies have been implementing communication programs into their strategic goal-setting (Resiwati 1992).

Internal communication is a constant process for any business, and its lack of quality will cause workplace inefficiency. As a central management instrument, clear and consistent communication enables employee's engagement, in which workers feel business aims and a sense of belonging (Welch and Jackson 2007).

Employee's commitment in their firm is directly connected to organizational effectiveness (Yildirim 2014). Companies that invest in training workers to practice good external communication are more likely to produce good internal communication (Resiwati 1992). The effectiveness provided by workers of every business depends on their ability to communicate effectively. The lack of assertiveness in organizational communications roots difficult understanding and cooperation, decreasing the organisation's efficiency (Jason S. Wrench, Narissra Punyanunt-Carter 2005).

In order to improve employee's assertiveness when communicating, understanding their actions goals will make them provide a bigger effort to achieve it. As a consequence, personal satisfaction will be achieved within work success (Jason S. Wrench, Narissra Punyanunt-Carter 2005). Effective communication will not only beneficiate stakeholders work from the same company, but also overall organization performance (Yildirim 2014).

2.3 Lean Thinking

The concept of lean is connected to the idea of maximizing customer value while minimizing waste, by creating more value with fewer resources. Lean management leads organizations to only focus on activities which the companies' final customer should pay for. Companies that embrace this management approach aim their attention at key processes to continuously improve, in which the final result is a value creation process that has zero waste (Zidel 2006). In order to achieve these expectations, lean thinking contemplates the optimization of services through entire value streams that horizontally bounds assets, technologies and departments (Womack and Jones 2010).

The lean philosophy was initially developed by the Japanese culture in the 1950's and it is currently used by many companies (Leite and Vieira 2015). The concept is based on the Toyata Production System and had its origin with the Toyota leader, Eiji Toyoda, in the years after the Second World War. The event that triggered such approach was a tour to Ford's car manufacturing plant, at that time the biggest car production industry in the world. The Japanese manufacturer realized that Toyota was too small and did not have money to invest in so many machines as Ford's production. However, Eiji adapted the car production to its reality by achieving higher productivity due to more flexible processes, while eliminating waste activities among processes (Maria Aklestad Garnes 2013).

This marks the beginning of Toyota Production System to which the origin of lean can be traced, but the concept recognition only became popular with the book *The Machine that Changed the World*. Before this publication, the term lean was always associated to automobile shop floor workers. After the 1990's, when the book was released, the Lean concept gained o more comprehensive meaning, comprising both strategic and organizational components while focusing on quality. From 2000, the lean approach gradually evolved from the isolated use of tools to a more integrated lean philosophy that evolves companies in to a learning perspective (Jørgensen et al. 2007).

From early applications only focussing on manufacturing industries, which emerged lean manufacturing or lean production designations, the lean philosophy naturally expanded to new areas such as services, trade and public sectors. However, the use of lean tools to improve service quality is still insufficient. Besides being one of the most influent forms of employment for modern economies, there is still a huge need to develop new strategies and technologies to the service sector (Leite and Vieira 2015).

In order to correctly use the lean concept in services, the application of some principles is crucial. Firstly, the service must solve customers' issues by ensuring that all activities work together. Moreover, customer time should not be wasted, so the company has to provide what the final consumer wants, and where and when they are expecting the service to be delivered (Leite and Vieira 2015).

The core philosophy of lean thinking is based on eliminating wastes from service events. Womack and Jones (2003) classified activities in three types: The ones that add value, by delivering the service into the form desired by its customer; The ones that add no value but are necessary to deliver the service to the customer – type 1 *Muda*; The ones that add no value and are unnecessary – type 2 *Muda*.

Muda is the Japanese word for waste, which is the opposite of adding value to the customer and influence what he is willing to pay. Sarkar (2008) classified the type 2 *Muda* in eight different types of wastes on the service sector (Asif et al. 2010). These are: Waste of waiting - refers to individuals or goods waiting to be processed; Waste of overproduction - processing more or sooner than required; Waste of inventory - excess items or supplies; Waste of transportation - unnecessary conveyance that do not generate added value to the product; Waste of motion - movements that are not necessary and required for completing the service; Waste of overprocessing - refers to all the efforts that do not add value for customers; Waste of defects, in which defective items means waste materials; and Waste of employees' under-utilization, by not stimulating or using the employees' complete capacity (Zidel 2006).

There are numerous lean tools to help organizations eliminate waste in their performances. Among the most famous methods are: Value stream mapping; Cause and effect diagram; 5 Whys; 4M; and 5S. These techniques help organizations find root causes for wastes, in order to then eliminate them. Most often, these methods are used simultaneously (Womack and Jones 2010).

As most organizational changes, lean thinking tools lead to new procedures and activities and this suffer from high resistance for respective company's sector. However, the results lead firms to overcome their performances and generate positive financial results, as well as empowering people and improving their work environment (Leite and Vieira 2015).

2.4 Business process modelling and reengineering

Organizations are systems in which value is created by the implementation of sets of processes with well-defined inputs and business goals. These are usually not singular entities that can be achieved separately, but quite the opposite. Families of business process variants are vital for company's practice to add value to its clients (Milani et al. 2016). Business process consists on the representation of all activities within a specific organizational procedure, whose main purpose is to display actions logical order and dependence, to generate a well-defined output for the organization. This type of process demonstration enables overall understanding and analysis of the procedure (Aguilar-Savén 2004).

Processes are the tangible way in which a company produces its goods or services. Its significance is connected with the output delivered to clients and that every business focuses on seizing and maintaining its competitive advantage. Processes are crucial to overcome client's expectations while accomplishing firm's goals. As a result, workers performance is related to processes efficiency. Procedures that have not been standardized, documented or measured, especially cross-functional activities, will not have the chance to be improved, with direct negative consequences to the company and its stakeholders (Anjard 1996).

Recognized the opportunity of business process modelling as an instrument that allows the analysis, reengineering and improvement of sets of activities, in the last decades a numerous selection of different process mapping methodologies have arised (Recker 2006). Due to this wide set of modelling techniques, the selection of the most suitable for each organization purpose is difficult and complex. Not only because the high number of available models but also as a result of the lack of contextualization and guidance to enlighten the concepts that concern them (Aguilar-Savén 2004). Apart from this, the most common business process modelling techniques are Gantt and flow charts, as well as Unified Modelling Language (UML) and Business Process Model Notation.

Through business process modelling, organizations have the instruments to picture work processes and clearly realize the linkage between inputs, outputs and tasks. Besides they can also recognize alert areas that may be subject to investigation and which improvements can have a great impact on outputs efficiency (Anjard 1996). Business process modelling is broadly logged to business process reengineering with direct impact on improving firms operations, reducing costs, overcoming new business challenges and increasing customer's level of satisfaction (Grover et al. 1995).

2.5 Key performance indicators

Nowadays competition is fierce and companies arm themselves with strategies to improve their business performance in order to overcome challenges. As examples of this it is possible to point lowering operational costs or improving employee's efficiency. Therefore, new management techniques have been implemented to increase competitive advantages and these have to be monitored to analyse its contribution to firm's objectives (del-Rey-Chamorro et al. 2003). Measuring performance allows organizations to identify current procedure failures according to company goals. By selecting key performance indicators (KPI), firms are able to identify where to operate to improve performance (Weber and Thomas 2005).

Key performance indicators are high-level snapshots of project progress, in regards to previously defined company goals. They allow organizations to make informed decisions and increase the visibility of problems (Country, Service, and Report 2011). Establishing specific goals and providing feedback, rather than moderate or easy attainable aims, result in better performances. Key performance indicators reflect firm's organizational purposes, representing measures that are critical for the current and future success of the business (Shahin and Mahbod 2007).

In order to be correctly achieved, there are some characteristics that all key performance indicators should fulfil once they are being analysed. In the literature, authors apply the "SMART" rule, in which any metric has to be (Country, Service, and Report 2011):

- Specific, clear and with direct focus on the project purpose;
- Measurable, in order to be expressed quantitatively;
- Attainable, in the sense that the aim to achieve is reasonable and possible;
- Relevant, highly connected with the project and pertinent;
- Time-based, the metric is measurable in a specific time range.

At the same time, metrics should not represent financial measures, have to tie responsibility to a certain team of people and its significant impact should encourage appropriate action (Parmenter 2010).

Once an organization has a well-defined long-term strategy, key performance indicators are great allies to accomplish it. Setting realistic targets to each metric, as well as tracking company's performance, are essential procedures to ensure business' success (Project 2015).

3 Case Study

Boutiques are a crucial part of Farfetch's business model, since all inventory sold through Farfetch's portal belong to the boutiques. Due to this commercial connection, boutiques are referenced as partners and they are subject to special treatment for daily challenges management.

There are some contact points in the firm whose focus is to cooperate with boutiques. In total there are 4 departments that communicate with the boutiques:

- Business Development (BD) - the first team that reaches out to the boutiques and the point of contact for contract related inquires. They regularly keep in touch with boutiques regarding performance, marketing and other initiatives;
- Account Manager (AM) – the main point of contact for everything business related, sales performance and strategic developments;
- Partner Service (PS) – team responsible for training boutiques and answering to partners' queries liaising with other internal departments for problems resolution. Day to day issues, order processing and tools to be used;
- Customer Service (CS) – department responsible for the link between boutiques and customers. Contacts arise whenever a customer requires assistance.

The present dissertation will focus on the PS department of Porto office, and in the increasing improvement opportunities, as well as on the development of solutions. In this chapter, in addition to the current procedures of the team, an overview of the PS department will be presented.

3.1 Partner Service Department

This department is responsible for different assignments always related to boutiques, but works in two different and very distinctive dimensions. One it is named Operational and the other called Support. Each sub department has the following specialized functions:

PS Operations	PS Support
• Monitor boutiques' KPIs closely and propose ideas to achieve targets; • Proactively contact boutiques to manage daily order push up and returns, receiving input from the PS analyst; • Create Monthly Performance Overview reports; • Boutiques Set Up process; • Boutique Training; • Operational boutique visits; • Operational costs negotiations and validation.	• Responding to boutiques enquiries via several channels; • Guarantee fast and effective resolutions liaising with internal departments (Delivery, CS, Production and Fraud) • Liaise with stores for daily order/returns management issues.

Figure 4 - Operations and Support Activities

Taking into account the wide luxury boutiques selection belonging to Farfetch partners' list, currently ranging over 400 stores worldwide, each sub-department is oriented in two different languages approach. There are teams that only communicate with Italian boutiques and there are the ones that are responsible for dealing with the other boutiques' countries – named Rest of the World (ROW). In total, the PS department is composed of four teams:

- PS Operations Italy team;
- PS Support Italy team;
- PS Operations ROW team;
- PS Support ROW team.

The Italian teams are only responsible for Italian boutiques, given the 62% of this country presence on partners list. The ROW team, composed by agents who speak English, Spanish, German, French and Portuguese, connects all other boutiques belonging to the Farftech partner's list. The Figure 5, shows the distribution of boutiques' countries belonging to each team. Such division only focus on the Porto PS department reality. This department is responsible for all boutiques, excepting the American continent and Japanese boutiques.

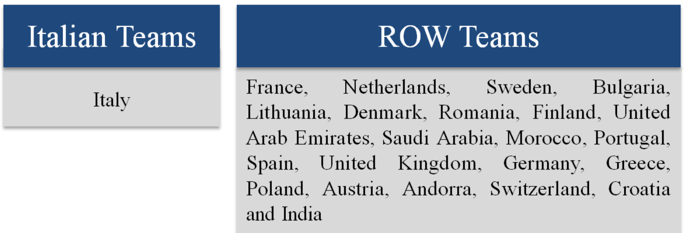

Figure 5 - Boutiques' Countries per Team

Each PS Operations agent is responsible for a group of boutiques. Once a new boutique becomes a partner, a language related PS Operations agent is assigned to this specific boutique. The agent focus on the training process and daily issues management. The fact that a single agent is the contact between the partner and Farfetch ensures a closer relationship, which is very useful to solve commercial dependencies. A better relationship between companies improves problems resolution and trade ties. This does not happen with PS Support agents, who communicate with all boutiques of their language group, regarding their requests' functions.

Farfetch Communication Tool

The company has a communication service provider, Zendesk, in which the majority of written messages are made. PS department uses Zendesk to communicate with boutiques, and they receive the messages as an e-mail in their account. In this tool, messages work as tickets. A ticket is a group of messages that is related to the issue that initiated the communication. The ticket can has different status, according to the treatment that has been handled.

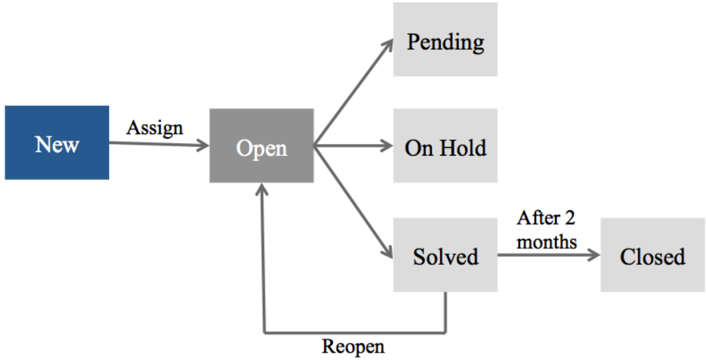

Figure 6 - Zendesk Tickets Status

As it is possible to see on Figure 6, once a new message enters PS Zendesk account, it initiates a *New*. When the PS agent responsible for dealing with this message assigns the ticket to himself, every time an answer is provided its status will be *Open*. According to the request content of the message, if the PS agent communicate with other internal departments, the ticket will be *On Hold* until no answer has been provided; if the communication is with external entities, such as boutiques, the ticket will be *Pending*. Once the ticket case resolution is finished, the PS agent by classify the ticket as *Solved*. Two months later the ticket gets *Closed* and no more interactions can be done on that ticket. Within two months, if a ticket is solved but one of the interlocutors writes another message, the ticket reopens and its status is open for the receiver. This action should only happen if one of the interlocutors has something to add/reply to the ticket resolution.

For better understanding of the department workflow, the present section will explore each main PS procedures and its features. Owing to the fact that the PS department deals with numerous doings and responsibilities, 5 main events will be explained in general terms. These activities are:

- Boutique Set Up;
- Boutique Training;
- Reports Submission;
- Store visits;
- Daily Requests resolution.

3.1.1 Boutique Set Up

Farfetch highly depends on boutiques' stock. Customers' demands will only be fulfilled if a wide selection of products is available on the portal. For this reason, the continuous search for new partners is a core business activity. Once a luxury boutique on the market matches Farfetch commercial profile and both stakeholders are interested in doing business, the new boutiques have to be part of Farfetch operations in order to start selling through the portal.

Every time a new boutique becomes part of the selected group of partners, a PS Operations agent will be assigned to this specific boutique. The agent will be the link between Farfetch and the boutique's interests. Due to this linkage, he will be the responsible for introducing the boutique to Farfetch's system. This process is named Boutique Set Up and is sequenced in five steps, so the boutique can go live and start selling in two to three weeks. These are:

1. First call to the partner;

2. Request partner registration to Technology department, team responsible for the technological developments in internal systems and website;
3. Fill in the information of store on Farfetch's system;
4. Internal communications requests;
5. Announcement e-mail.

The first procedure consists on a call between the PS Operations agent and the person who will work, on the partner side, with Farfetch. The purpose of this step is to introduce the Farfetch team as well as getting to know the store and manage their expectations and motivations. Other crucial point is to highlight Farfetch's requirements in service quality provision: being able to always communicate, fast delivery and commitment. During this initial phase, PS Operations agents deal with numerous questions, while trying not to overwhelm partners with too much information.

After the informal chat, necessary to start the Boutique Set Up process, the PS Operations agent has to ensure the creation of the boutique on Farfetch back-office, filing a request to the Technology team for this purpose. It encompasses the registration of the boutique on Farfetch's system, in addition to log in username, password and activation of the store on Farfetch support platforms.

After receiving the previous finished process confirmation from the IT team, all information about the new partner are filled in the support tool, where the boutique manager will access orders, as well as in the Farfetch communication tool, where messages regarding daily management are exchanged.

The next step consists on sending internal requests to further new partner Set Up. In these communications delivery issues are handled (pick up and returns addresses, contact numbers, ideal pick up hour, etc). Apart from this, the first packaging request is done by the agent so the new partner has all the logistics to start shipping orders.

As soon as the new boutique is online, the PS Operations agent announces it to the Farfetch community. This communication is done through e-mail to all Farftech workers. From this point on, the boutique gathers all the requirements to start selling its items through the platform.

3.1.2 Boutique Training

Boutiques play a key role in Farfetch's success. The company can only achieve high performance if the stores perform accordingly. For this reason, training boutiques on how to sell through Farfetch and how to interact with all technical tools required to this specific e-commerce business is vital as an early step of the integration. Not only does this phase allow the creation of empathy between the assigned PS agent and the store staff, but also enables the agent to train and influence them to perform according to Farfetch best practices.

The Boutique training consists on teaching boutiques different processes such as product creation, stock management, order processing, dealing with returns and multichannel orders. The process starts as soon as the Boutique Set Up is concluded and even before the Boutique Training is finished, the store is live and already selling. The Figure 7 represents the Boutique Training process.

Figure 7 - Boutique Training Process

The first step consists on meeting the Boutique team responsible for dealing with Farfetch orders. This is done through a skype call, during which the PS Operations agent assigned introduces himself and clarifies Farfetch's expectations.

On the second call, the PS agent instructs on how to create products, in order to start selling boutique's items on the website. First of all, the boutique has to send its items to Farfetch Guimarães office in order to be produced. The production process consists on photographing and generating items' description to be available on the website. If some items already exist on Farfetch's database, goods already produced by other partners, they have to be duplicated by the store. The Duplicates Training is also provided in this call. This is higly important in order to avoid already produced items' transportation and image treatment, from the store to Guimarães.

The next Training step is to introduce Farfetch system to the boutique. After this step the store staff will be able to understand how to process order and returns processing and manage online stock in the web based platform. From this point, the boutique is live and ready to sell.

The fourth call main objective is to teach how to process orders in the most efficient way. PS agent explains the approach on how to ship orders in the fastest way possible, as well as some guidelines that can be helpful in terms of physical organization when processing an online order.

As a final Boutique Training step, the return process is explained to the staff. Every time a customer returns an order, the boutique has to manage it on the previously explained system. This also includes a negotiation process with the PS Operations agent, if the returned item has some issue. In this training, the set of rules are explained, regarding previously business contracts established.

From this point on, partners' staff are able to correctly perform their orders and manage their Farfetch related workflow. The Boutique training does not have a deadline to be completed. Most of the times all teachings are repeated while partners have doubts on how to correctly execute their tasks.

3.1.3 Reports Submission

PS Operations agents not only focus on training boutiques, but also on proactively informing them of the key issues that might harm their performance. This is something that, apart from aligning Farfetch strategy to always improve customer experience, is crucial to boutiques' order processing organization. Therefore, agents are instructed to systematically keep track of metrics in which stores might be careless and inform them in order to avoid negative consequences to clients.

There are 3 types of reports sent on different points of time:

- Order Push Up;
- Return Push Up;

- Monthly Performance Overview – MPO.

Order Push Up consists on a daily email, sent by the PS Operations agent assigned to each specific boutique, in which the partner is warned about the set of orders that have not yet been accepted in the system and consequently not shipped. In this report the store staff is informed about overdue orders and also orders in risk of being late. This is a daily communication that allows boutiques to pay more attention to all the items they have to process, in order to achieve better speed of sending results.

Following the same strategy, Return Push Up is a report communicated to boutiques every time that returns are neither accepted nor contested by the boutiques. This results in orders returned by customers and without any treatment. This communication informs of which returns were not processed and requests action from the staff. The following steps are the negotiation of cost allocations and who keeps the item: customer or the boutique.

Monthly Performance Overview (MPO) is a report in which boutiques are informed about their performance regarding the previous month. There are 4 metrics analysed: Speed of Sending, No Stock, Returns and Net Promoter Score (NPS). The first one is related with how fast the boutiques can process their online orders. No stock represents the number of orders that were not shipped due to an error from the boutique in which a certain item is no longer available. The Returns metric provides an outline of the amount of returns received during the previous month, and the specifics related to brand, gender and sizing. The last indicator is the NPS in which customers evaluate overall boutique performance, as well as packaging and speed of delivery. This allows boutiques to be aware of the service that is delivered to clients.

These reports are the formal way for the PS agent to inform stores of critical issues and suggest possible improvements. A consistent follow up allows partners to use Farfetch tools to better serve customers.

3.1.4 Store visits

Frequently PS Operations agents visit partners on their physical stores with well-defined purposes. This personal approach happens for very specific reasons, namely:

- First store visits – the very first personal contact with both teams from Farfetch and boutiques. The goal of this meeting is for people to get to know each other and engage the best and earliest operational performance as soon as possible;
- Critical boutiques – partners with medium or significant volume of sales, which performance has to be improved;
- Significant and medium accounts – to keep on track and engage best operational performance.

There are numerous topics to be approached during these visits. The agent should discuss the semester results and their impact on the Service 2.0, (see section 3.2); Inform about the impact of partner’s performance on customer shopping experience, focusing on returns and NPS metrics; Review operational points, in order to personally propose enhancements on site; and at last collect partner’s feedback about the experience of selling through Farfetch and also manage their expectations.

Tools such as reports, manuals and best practice documents are also shared on these events and become important opportunities to offer a more tailored help and strengthening the business relationship.

3.1.5 Daily Basis Request Resolution

A crucial part of PS Support agents' activities is the resolution of request whose action involves communicating with boutiques and third parties. Mainly there are five internal departments, besides PS, involved in daily requests resolution:

- Customer Service;
- Delivery Team;
- Production;
- Supply, Operations;
- Fraud/Refunds.

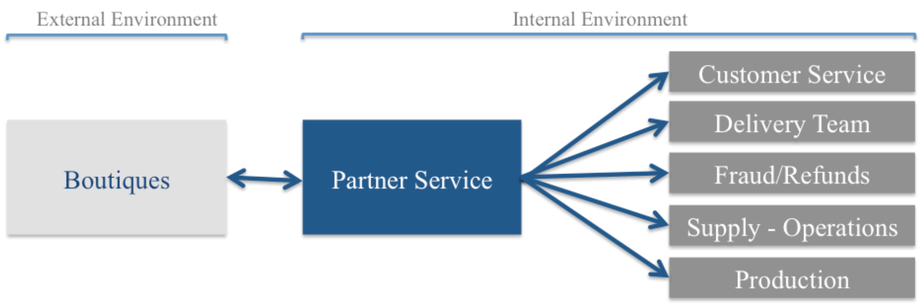

Figure 8 - Communicational Interdependencies

These problem solving activities can start as partners' requests to be handled inside the company or a request started by the customer, powered between internal departments and the boutique, and replied back to the client. Messages through Zendesk, tickets, and Skype are the main communication tools. Company's system is the interface reference that allows reading issues in the same way, for both stores and internal teams, essentially Partner Service department.

3.2 Partner Performance and Metrics – Service 2.0

Farfetch is growing at a fast pace and consequently so do the boutiques. Customers' demands are becoming more and more rigorous and with the higher number of orders for each partner, it is more difficult for them to accomplish order processing in the most efficient way. It is a business goal to deliver the best possible service experience to each client, in order to fight the intangibility of business, ensuring that the order is delivered on the shortest time range and that all partners' stock is synchronized with items actually on sale at physical stores are crucial points to the firm.

In order to reinforce coordination between Farfetch and partners, a selected list of metrics was delineated in order to motorize stores' performance. According to each boutique reporting, in the following month they are able to realize their inaccuracies and improve it.

In 2014 Farfetch launched the Service 2.0 project aiming to influence partners performance, in pursuit of a faster and more accurate order processing. By aligning store's operations with Farfetch's, the firm provides tools to boost external services quality and standardize the provision required to all boutiques.

Such project was planned to:

- Incentivise customer experience;
- Penalise very poor customer service;
- Increase partner proactivity to boost order processing;
- Improve partner profitability;
- Develop Farfetch and boutiques long-term growth.

3.2.1 Speed of Sending

There is a direct correlation between the net speed of sending of each order and the probability of repurchase by a customer. Once a client has an order shipped in 1 to 2 days, the repurchase rate is 27%. In contrast to this last fact, when consumers get their orders shipped later than 5 days, the repurchase rate decreases to 20%. This empowers the Service 2.0 project and the necessity of penalizing late orders.

Table 1- Impact of Speed of Sending on Repurchase Rate

Impact of SoS on repurchase rate:	
Days	Repurchase rate
1 – 2	27,0 %
2 – 3	26,3 %
3 – 4	25,7 %
4 – 5	23,0 %
> 5	20,0 %

To stimulate better speed of sending results, which is the time range between an item is requested by a client and then shipped to him by the boutique, an incentives and penalties policy was introduced. The values can be seen in Figure 9.

SoS ≤ 1 day	• Free Packaging
1 < SoS < 2,5 days	• No action
SoS > 2,5 days	• Boutique pays the order shipping

Figure 9 - Speed of Sending Service 2.0 incentives and penalties

In regular circumstances stores would pay 1,5€ for the Farfetch box to send orders to each customer. The Service 2.0 determines that:

- If partners ship their orders in less than 1 day, they will not pay the packaging to deliver order to the client;

- If partners ship their orders between 1 to 2,5 days, no incentives or penalties are applied;
- If partners ship their orders in more that 2,5 days, the boutique will pay shipping corresponding to the duties paid by the customer for these specific orders. These stores have less efficient processes and contribute to the repurchase rate decline.

After the introduction of the Service 2.0, speed of sending increased to values above 95%. This evolution can be seen in Figure 10.

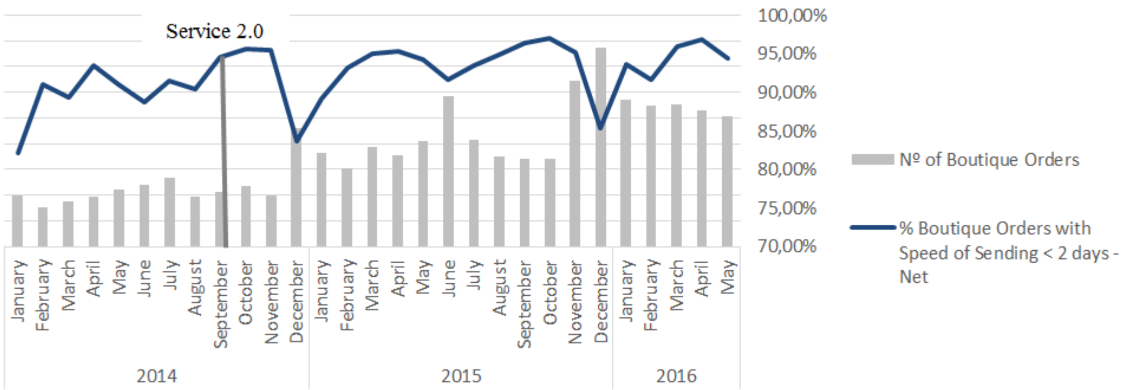

Figure 10 - Speed of Sending Evolution

Service 2.0 revealed that partners were able to improve their performance and achieve better results with consequent benefits to customers' experience. Starting from this project launch, better performances led to higher incomes to both partners and Farfetch.

3.2.2 No Stock

Every time a customer gets a No Stock, it means that his expectations are completely missed, in addition to a lost sale. Due to Farfetch business model, all items sold on the platform belong to partners' stock and as a result the stock synchronization is not completely seamless. At times, it happens that clients cannot receive the item of their choosing due to false stock, meaning that an item is available online but in reality no longer exists for sale. These situations happen when:

- An online order was processed at the same time as a client in the boutique, and the priority is from the physical sale;
- The boutiques staff negligence in synchronizing all items sold physically and scanning out on the online stock.

Service 2.0 also focuses on this parameter, and partners are rewarded or penalized according to their no stock log. The incentives and penalties policy was introduced and values can be seen in Figure 11.

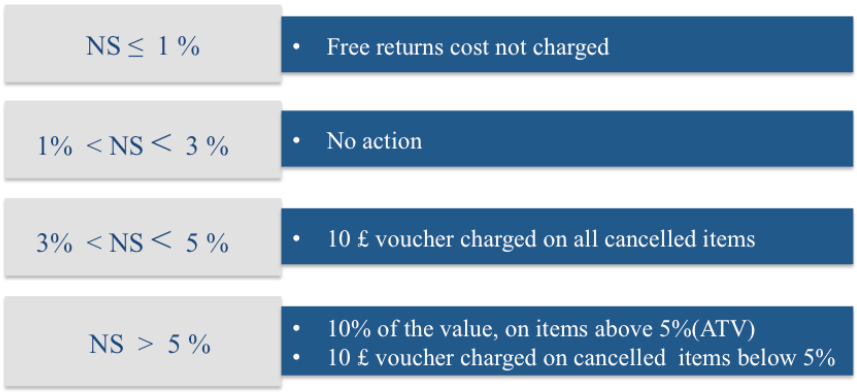

Figure 11 - No Stock Service 2.0 incentives and penalties

If boutiques present a No Stock rate below 1%, they are rewarded by not having to pay return costs to Farfetch. This value is extremely motivational since it represents 1% of partner sales which, depending on boutiques gross sales, may represent a large sum. On other hand, if the No Stock rate range presents from 1% to 3%, partners will not receive free returns incentive but neither will be charged. When this parameter is over 3% but less or equal to 5%, boutiques have to pay a 10£ voucher to all customers with a No Stock experience in a Farfetch purchase. A rate over 5% means that the boutique will have to pay 10% of the value of the items charged (ATV) on items above 5% and a 10£ voucher for canceled items below 5%.

This metric had a deep impact on boutiques' performance through the implementation of the Service 2.0, in September 2014. It is possible to observe stores accuracy improvement, towards false stocks, in Figure 12.

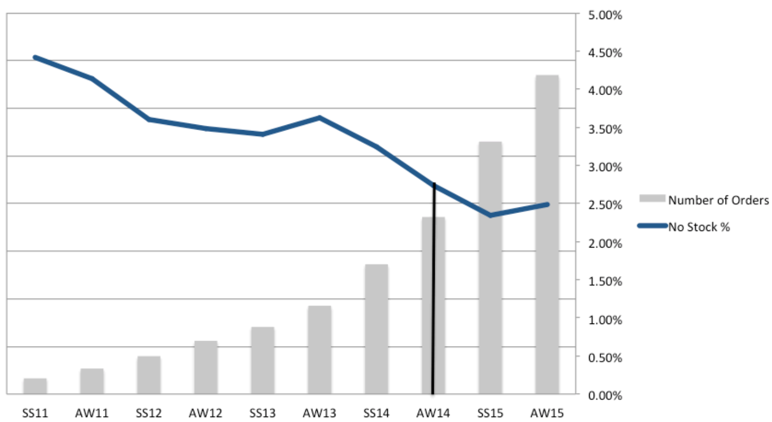

Figure 12 - No Stock Evolution

The No Stock average level decreased and stabilized. As a result, costumer experience was enriched consistently. This is aligned with the fact that customer satisfaction should be the main goal of order processing. In case this target is reached, Farfetch will also take advantage from a positive promotion from the customer side.

4 Constraints and Opportunities

The present project was allocated to PS department due to a high need to improve team's efficiency. This Farfetch sector expansion has been directly proportional to the firm's organic progression. With the exponential growth of partners, the agents' workflow becomes increasingly demanding. The capacity of dealing with daily management activities is fulfilled by increasing the number of new agents' hiring, answering problems for a short-term time.

During the team enlargement process, the possibility to proactively correct mistakes has decreased, the difficulty to train the team has boosted and best practices sharing is lacking among PS agents. These have been causing inconsistent procedures. Every month new events arise and agents perform the same activities in different ways.

Due to this incongruity, the impact has essentially been reflected in the day-to-day increase of the department backlog – amount of tickets waiting to be managed. As time goes by, the cumulative number of messages to deal with has been augmented and no action to counter this tendency was performed. This has a terrible impact on customers' experience. Requests take longer to be fulfilled and there are sales which do not materialize due to customer inability to buy something depending on a late response.

Recognized the PS department communicational issue, it is indispensable to investigate its sources in order to overcome it. More pertinent procedures will lead the team to better results.

4.1 Methodology

In order to understand how to overcome the department problem – low communicational efficiency, it was crucial to study its root causes. Because there is not a single cause connected to this direct problem, studying all possibilities is mandatory. The chosen methodology to explore the team problem is a combination of two tools used for lean analysis: cause-and-effect diagram and 5 Whys method.

The first approach can be also named Ishikawa diagram or fish bone diagram, due to the tool visual representation, as can be seen on Figure 13. This is usually used to study factors behind problems by narrowing them down to the root causes (Goldsby and Martichenko 2005). The tool allows its users to concentrate on specific cause categories, such as methods, management, process, people, materials, among others.

The 5 Whys method is also applied to a lean study, in which the question "Why?" has to be performed successively five times before the root cause is defined. Discovering and acting to solve the root causes implies that the problem can be fixed at the origin instead of at superficial or obvious levels (Bicheno 2004). This exercise will be performed along with Ishikawa study, providing a more precise and complete analysis.

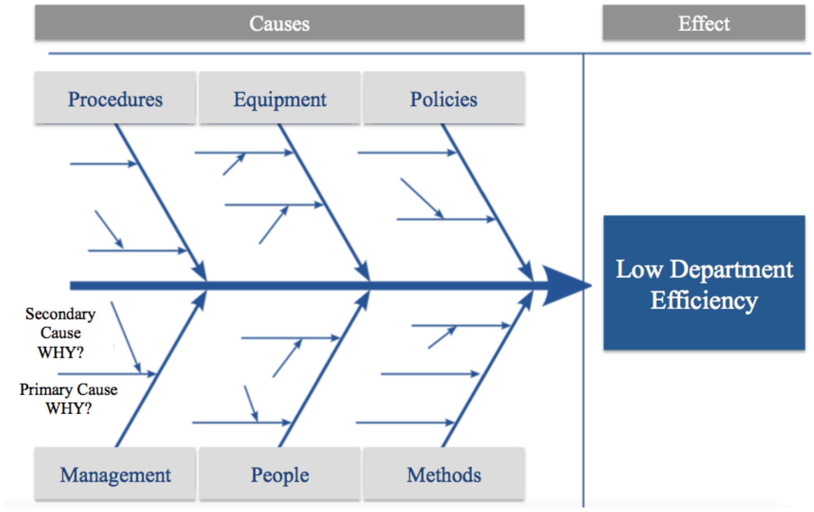

Figure 13 - Ishikawa and 5 Whys methodology

Starting with Ishikawa diagram, the first step is to recognize the cause that is preventing the department from achieving greater results: low department efficiency. From this point on, choosing the set of cause categories will allow the creation of a guide to the discovery of all the features that together damage the department workflow. The chosen cause categories for this project were:

- Methods;
- Procedures.

Each of these causes are now the base to perform the 5 Whys method. Each cause is analysed separately and then joined. The result will generate a diagram displaying all secondary causes that contribute to the Partner Service problem. This study was performed with Continuous Improvement department specialists, together with PS Operations and Support agents. In total, 6 people contributed to the present analysis, providing different perspectives and realities.

4.2 Cause Category: Methods

To figure out why the PS department has low efficiency, the study of the first cause focused on the Methods perspective that Farfetch has employed with this team. Below it is possible to find the analysis, Figure 14.

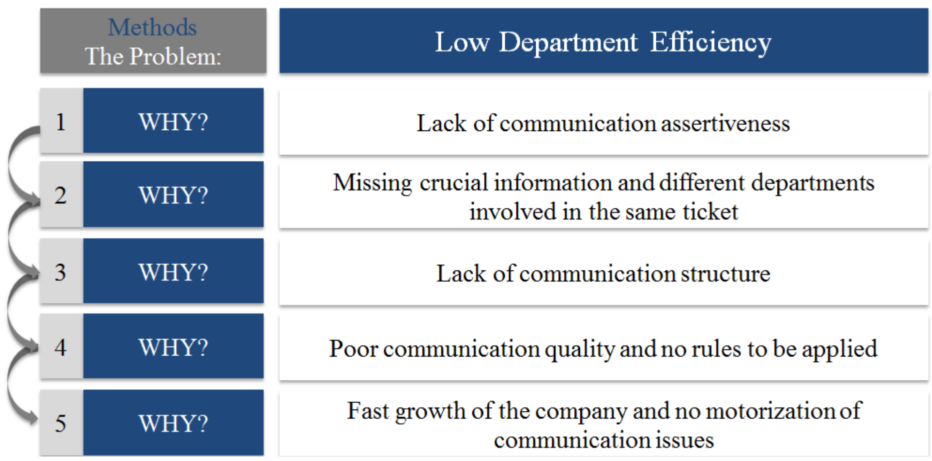

Figure 14 - Methods 5 Whys Analysis

From this analysis it was possible to conclude that there are major communication principles that have not been applied with terrible consequences for all stakeholders. Since communication in Farfetch is not standardized, its fast organic growth led to the lack of control. In order to overcome this situation, each issue raised in the previous diagram was studied.

1st and 2nd Problems – Lack of Communication Assertiveness and Missing Information

By analysing messages from the last 3 months, it was possible to realize that communication exchanged was careless and without a common line of approach by all team members. Requests and replies provided by the PS department were not assertive (applications for action were not direct), and more than one iteration was necessary, most of cases numerous, to handle a single request and solve the case.

An example of what was previously stated is the request represented in Figure 15. The PS agent wants to request other Farfetch internal department, the Delivery team, to open a claim with the Courier due to an order which was damaged when in transit. Boutique asks PS agent what happened and the question will be answered with the help of Delivery team, responsible for communicating with Courier.

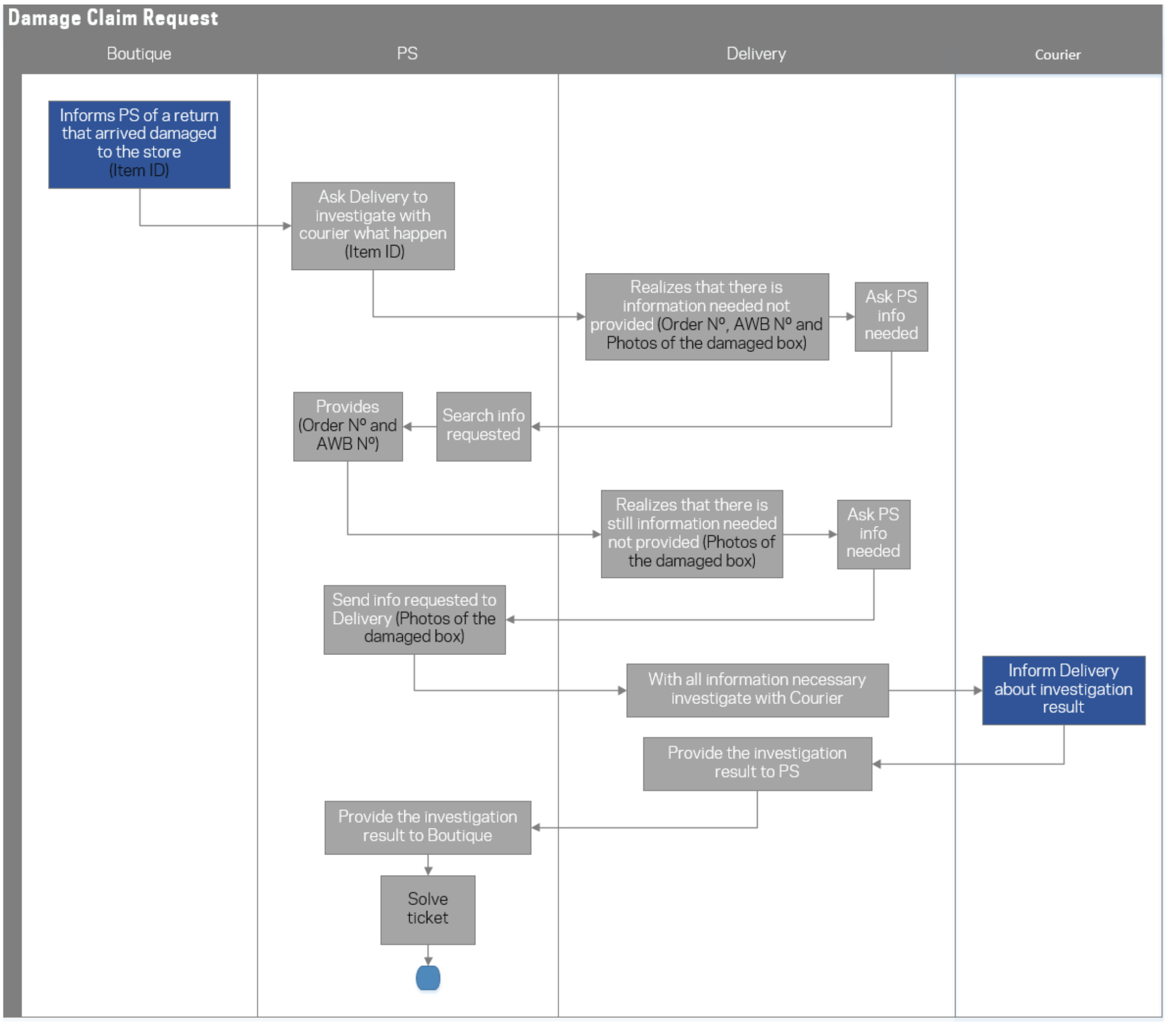

Figure 15 - PS Communication Example: Damage Claim Request

Due to a non-assertive request, which lacked the information required for the other department to act, something that could have been solved in 3 iterations took 6. This example, when replicated to almost all communications theme is represented in an increase of tickets to be handled – backlog, but also in a longer resolution time of the case – with direct consequences to final consumer. This situation is replicated for more than 300 themes of communications, starting from the PS department to other teams.

The causes for this to happen are:

- The request and information provided are not direct and clear;
- When something is requested, not all of the information needed by the other department to act is provided.

The negative consequences are:

- Bigger resolution time to get the request done and solved;
- Larger percentages of reopen messages;
- Bigger amount of work/backlog to each agent, Partner Service and other departments;
- Decrease of team productivity;
- Worse experience for customers' due to a long and stressful internal process.

3rd Problem – Lack of Communication Structure

PS daily resolution cases usually require more than one internal department action to solve the matter requested by the boutique. In these cases, PS agents dialogue on a regular basis with Customer Service, Delivery and Production teams. Other huge pain of communications made by the PS team is the fact that all necessary departments to each case are involved in the same ticket. This results in tickets that are too long and not straightforward. Apart from this, a large number of messages exchanged result in tickets with too many iterations, in which departments whose action was already performed are still being included. These teams, which are no longer needed, will still be notified, every time that someone involved on the ticket replies, thus increasing other teams' backlog. Besides these, boutiques are often involved in said tickets, gaining access to internal information. This not only shows inconsistency but also origins the lack of commercial power to the boutiques in cases which Farfetch needs to negotiate with them.

In the Farfetch communication tool, the feature that allows having more than two teams in the same ticket is named multishare. This was created to be used in very specific matters for which the resolution would be easier if the needed teams communicated in the same ticket. This feature's use got out of control and became common practice in all situations. The above-identified problems are represented on the following real example in Figure 16.

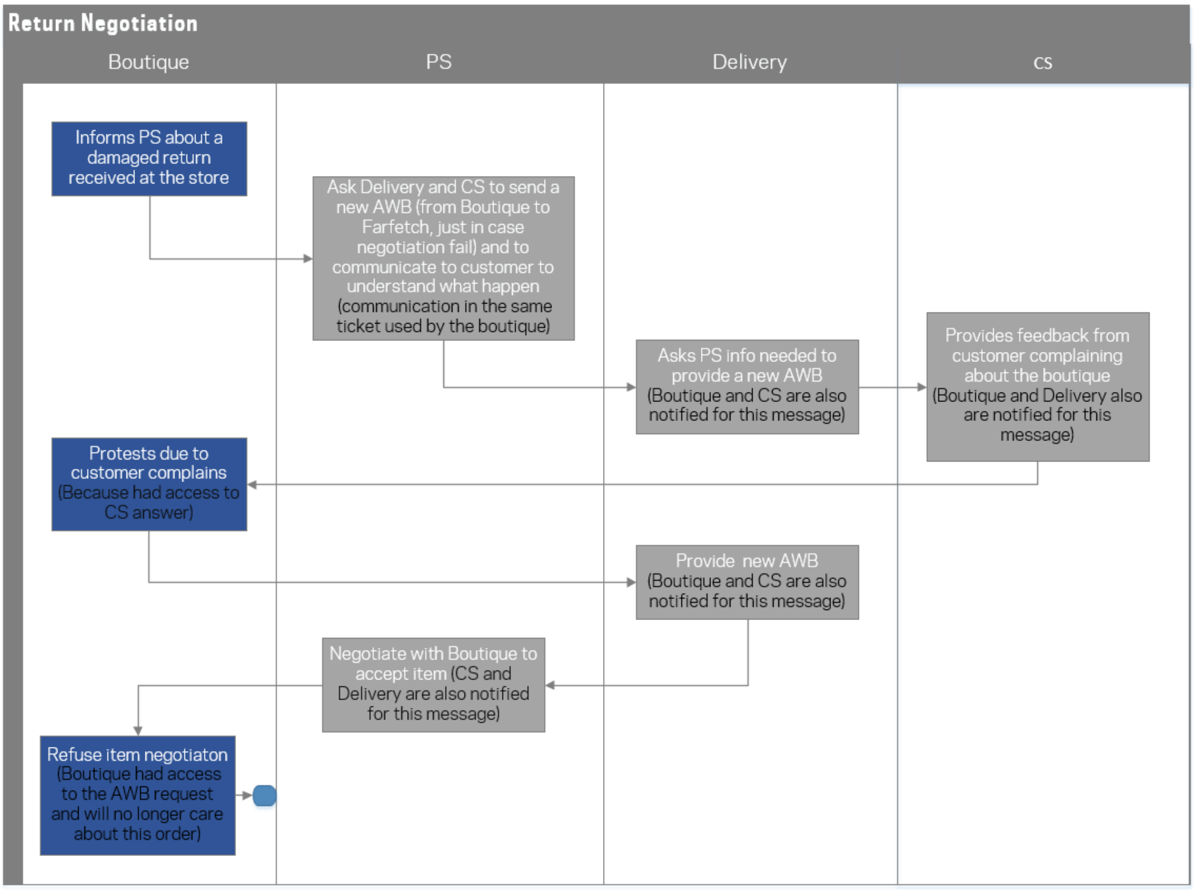

Figure 16 - PS Communication Example: Return Negotiation

This example allows depicting one of the team's main communication problems. By having access to the proactive request of an AWB from boutique to Farfetch, just in case of boutique would not accept it, the boutique immediately rejects the negotiation. This attitude is then replicated to future negotiations. Apart from this, other internal departments, Delivery and CS, are being notified even when not requested. The initial goal for the use of multishare was corrupted by its massive use.

The causes for this to happen are:

- Lack of issues separation;
- Different internal departments involved in the same ticket, resulting in messy communication practices.

The negative consequences are:

- Higher difficulty to understand the request and perform the action requested;
- Decrease of agents efficiency;
- Bigger percentages of reopen tickets;
- Increased backlog unnecessary.

4th Problem – Poor Communication Quality - Reopen Tickets

Besides of not ensuring the information required to the other departments to act and sharing the same ticket with more than one department, PS have been also performing other not so correct communication practices. One of Farfetch' communication quality indicator is the reopening tickets rate. Some bad practices are damaging this KPI for no reason.

When something is requested and then replied, the PS department is reopening tickets due to thanks. Following the process, once the request is fulfilled, the other department closes the ticket from its side and their ticket backlog decreases. If all replies are reopening just to thank the answer with no request or solicitation, the ticket will be reopened for no reason and other teams' metrics can be damaged. It is intended at replying a previous answer, just if any action is important to solve the ticket.

Apart from this, PS department has also the habit to write the final result of a ticket, the output, when the case was solved and the ticket is about to be closed. The reason for this action is to each time an agent or the supervisor checks the ticket, they can immediately know the conclusion and the outcome of the messages exchanged in just few words. This procedure was created because tickets usually are too long and it was extremely time-consuming just to understand what had happened in each specific case. The downside of this situation is that any outcome of each PS ticket, is another ticket reopened on other teams' backlog. The ticket will be reopened because if the ticket is about to be closed, the actions required to the other involved teams were already performed and consequently closed by their communication tool perspective.

In the Figure 17, an example of the above explained situations. In this case, an AWB is requested to the Delivery team and once the shipping document is sent to PS, the Delivery team closes the ticket (their request was fulfilled and they are no longer needed). Due to acknowledgements or tickets outputs, the Delivery team will have to open again the ticket and close it, without action.

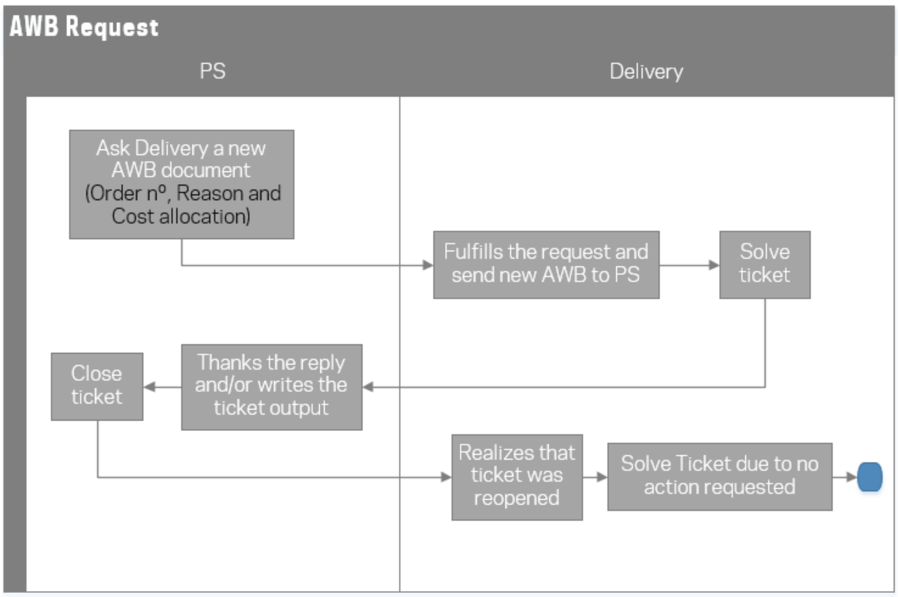

Figure 17 - PS Communication Example - AWB Request

The cause for this to happen is:

- Lack of well defined communication rules.

The negative consequences are:

- High rate of reopened tickets for no reason;

- Harm other departments' backlog;
- Decrease other teams' productivity by always closing tickets for no reason.

5th Problem – No Communication Monitoring

Due to the fast company's growth, new events and procedures arise frequently. Because of the accelerated pace of work, no monitoring was performed. The lack of communication control results in reckless data of PS agents' daily tasks.

The event that triggered such awareness was the fact that many communications between PS agents and partners/internal departments were being done through skype. By using this platform, instead of Farfetch communication tool – Zendesk - all messages cannot be categorized. This disables understand PS department main matters and the more time consuming issues handled by agents. Apart from problems not being monitored, is not possible to understand PS agents' productivity according to tickets resolution. By not settling a proper report of department efficiency there is no information about the number of tickets solved, handled and reopened of each agent.

The cause for this to happen is:

- Lack of planning;
- Lack of defined rules about tools usage;
- Different approaches to communicate with boutiques.

The negative consequences are:

- Improvement opportunities are more difficult to perceive;
- Unstable and dissimilar performances go unnoticed;
- Most critical issues are not monitored and its resolution gets difficult.

4.3 Cause Category: Procedures

The question "Why?" was performed 5 more times to the answers from the initial problem – low department efficiency. This time, the study focused on the procedures point of view and resulted on the below root causes, Figure 18.

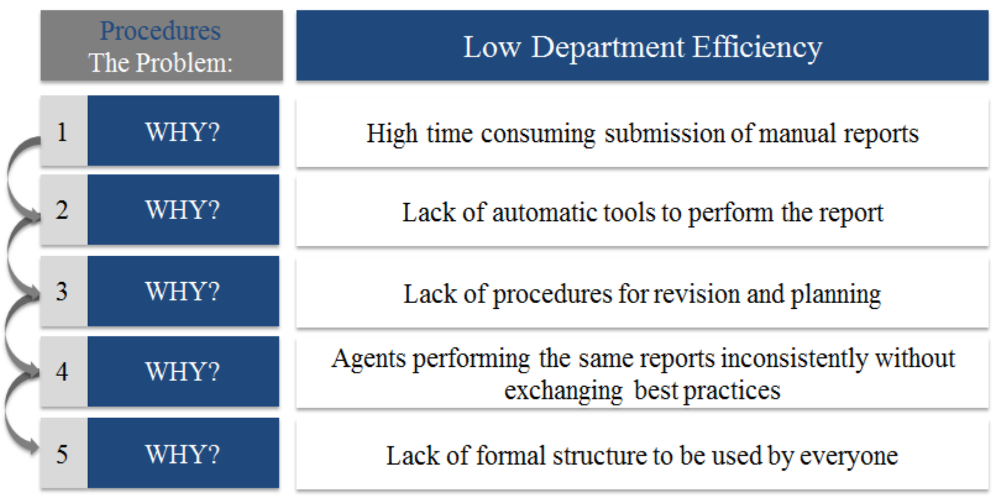

Figure 18 - Procedures 5 Whys Analysis

It is crucial for partners to receive feedback from their assigned Farfetch PS Operation agents about their performance. These communications' main purpose is to align boutiques' operations with Farfetch business' strategy. Because the firm aims to deliver the best experience to its final customer, PS Operations agents have the important mission to proactively inform boutiques of every activity that has to be fulfilled so their metrics according to Service 2.0 will not be jeopardized. Two simple types of reports are sent on daily basis to boutiques: Order push up and Returns push up. As previously explained on section 3.1.3, these reports act as reminders for boutiques to ship orders and deal with returns, by accepting or contesting them. These reports are done in an easy and fast process in which the agent consults the critical orders and returns in the Farfetch internal system and just informs each partner about it.

However, the Monthly Performance Overview (MPO) is a complex report with huge impact on the boutiques' capacity to improve their order processing. Due to its complexity and the way it has currently been produced, this report has great potential to be upgraded. The following issues are pointed to the production of this specific report and its consequences. The presented problems focus on the two biggest MPOs difficulties.

1st Problem – Extremely Time Consuming

The PS Operations agents whose MPO were analysed in the problem previously studied, reported that it took them between two to five hours to complete a single MPO report. Such slow process has a heavy impact in producing just few documents of the report. This very slow process happens due to the fact that each metric's data, regarding each store, is available among diverse files on different tools. These tools are connected to Farfetch database and in order to collect information, the act of updating more than 14 files, one by one, can take much time. The agent is able to perform other tasks while data is being collected, but the MPO creation process is, regardless of this fact, quite time-consuming.

Because of the amount of time spent to build a single MPO, it is common practice between agents to just do this report to their top and bottom assigned stores. This allows partners with great performance and huge amounts of orders to keep up with great work, but also boutiques that must drastically improve results have this tool to better understand why and facilitate agent communication.

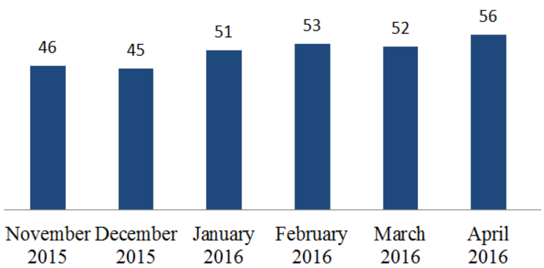

Figure 19 - MPOs sent per Month before project

Sending MPO to all partners, 400 boutiques, was never accomplished. From the last year results, just few boutiques of Farfetch partners' list had access to this tool.

The cause for this to happen is:

- No automation of report data collection in a single tool.

The negative consequences are:

- Most MPO are simpler than what they ought to be. Too many time-consuming processes lead to reports with lack of crucial metrics that should be available to all partners;
- No improvements and suggestions provided by the MPO to all boutiques due to the fact that just a small percentage of partners are being provided with this report. For the same reason, only the boutiques that receive their MPOs will have access to their overall performance in terms of the 4 metrics provided by the report.

2nd Problem – Lack of Consistency

In order to understand MPO contents and presentation discrepancy, examples of this report from previous months and from different agents were analysed. It was possible to easily identify the differences between MPO regarding its author. Because it is intended to be a document provided to partners, not only the report layout has to be according to the company's design characteristics, but also all partners must have access to the same information details, disregarding the agent's subjectivity.

A sample of 10 MPO from 10 different agents was examined and it was possible to study the report structure diversification. For each MPO topic, (Speed of Sending, No Stock, Returns and NPS) it was possible to distinguish the frequency and variation of metrics used by the agents, Figure 20.

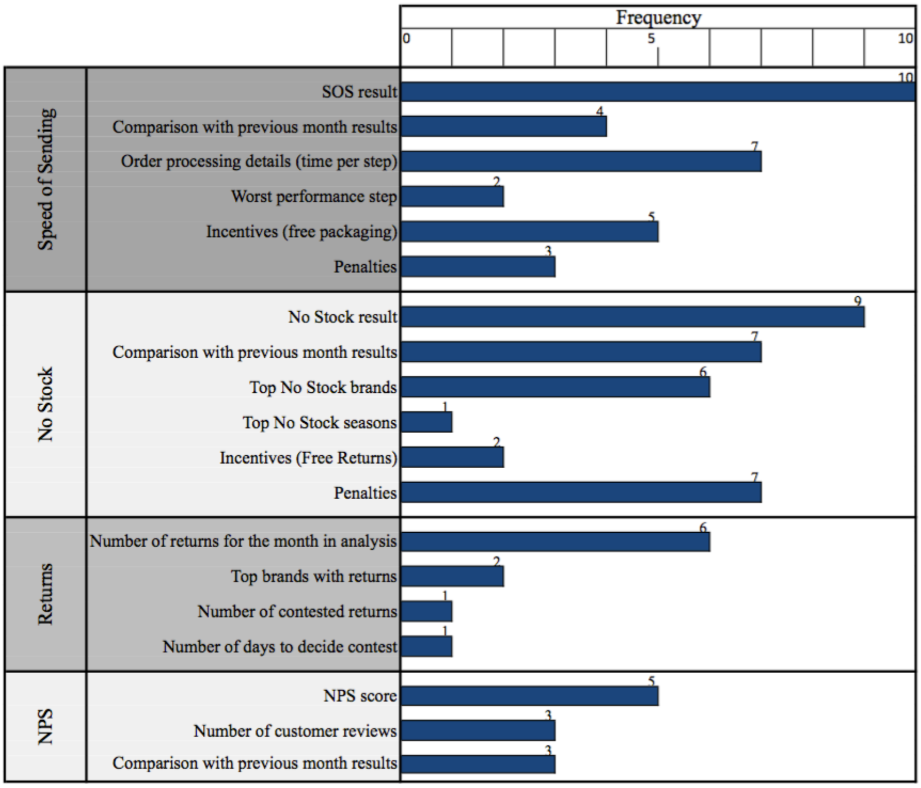

Figure 20 - MPOs Variables Inconsistency

Taking into consideration the 4 topics' metrics variation, as seen in the previous analysis, different boutiques are receiving MPO in very distinct ways. In order to maintain a highly standardized experience to customers, the information and tools provided to partners must reflect and be supported accordingly.

Apart from this, the boutiques staff might have difficulties in reading and understanding the report. Information is not conveyed easily. Too many detailed facts without contextualization can be misunderstood, causing agents to explain the same to different boutiques several times, increasing their workload unnecessarily.

The causes for this to happen are:

- No defined structure to be applied for all Partner Service agents;
- No planning or documents revision.

The negative consequences are:

- Reports being sent without crucial information to boutiques;
- Same goals to all boutiques but different reports which leads to unbalanced performances;
- Messy and disorderly reports perception to each boutique, due to different reports every month;
- Careless image and inattention associated to Farfetch corporate image.

In Appendix A, B and C it is possible to observe three different examples of MPOs send for different PS Operations.

5 Developed Solutions and Results

The solutions implemented in this project, regarding all the improvement opportunities stated on the previous chapter, comprise two lines of action. Firstly, the issues arising from PS methods study originated the chance to improve internal communication produced by the department. The other implemented solution took into consideration the problems found regarding PS procedure analysis. Due to this, a new reporting tool was developed to boost department efficiency and increase partners' access to the report.

In this chapter, both implementations are presented. The development process is explained in detail, with high focus on the study of requirements and solutions. The test of the implemented solutions, pilots, is also present, in addition to the training and roll out of the new practices to the entire team. In the end, results and gains are demonstrated.

5.1 Internal Communication Improvement

The opportunity to improve communication between Farfetch internal departments emerged from the search of root causes for the low PS department efficiency. For each of the four communication issues, a solution is presented and respective implementation described. On a final stage, results and achievements are shown.

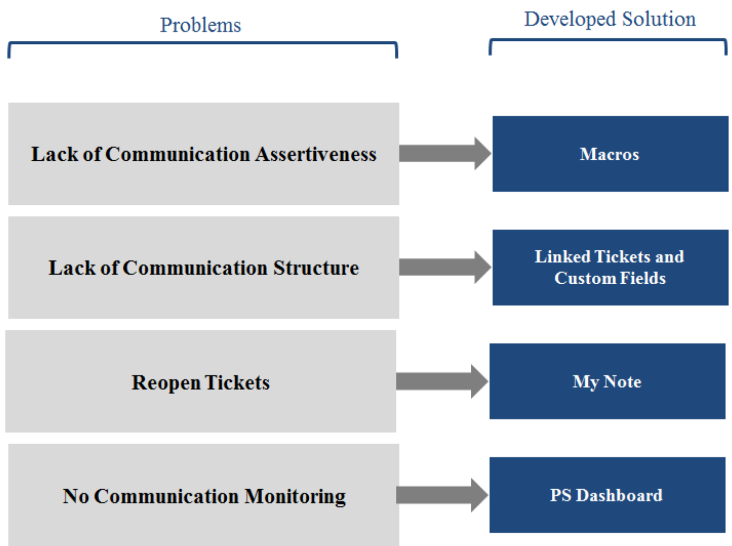

Figure 21 - Problems and Developed Solutions Relation

5.1.1 Macros

PS agents deal with a large number of different procedures on a regular basis. Each procedure consists on different requests to/from different internal departments. Due to this wide processes diversity and the frequent hiring of new agents, (not yet familiar with the department's processes), PS agents do not fulfil all the information necessary for the other internal department to act when requesting something. This situation leads to a slower problem resolution and worse customer service.

From customers' perspective, value added work is related to processes providing a service that the client is willing to pay for. Waste elimination is one of the best ways to increase any business efficiency. Processes either add value or waste to the provision of a service. *Muda* is the Japanese word for waste and uselessness and is a concept connected with "The seven wastes" tool. This was developed by Toyota's Chief Engineer Taiichi Ohno as the instrument to optimize resources allocation by categorizing the different *Mudas* in the processes (Womack and Jones 1994).

Muda is any activity that consumes more resources than needed, causing waste to occur. According to this philosophy, by identifying which processes add value and which do not, it is possible to start actions to eliminate *Muda* activities and challenging them in due time(Womack, Jones, and Roos 1990).

Regarding the department's communication issue, messages exchanged without an assertive request and lacking all information necessary consists on a bad application of company's resources. Multiple iterations are required just because requests are incomplete and these add no value to Farfetch customers, increasing Muda activities, Figure 22.

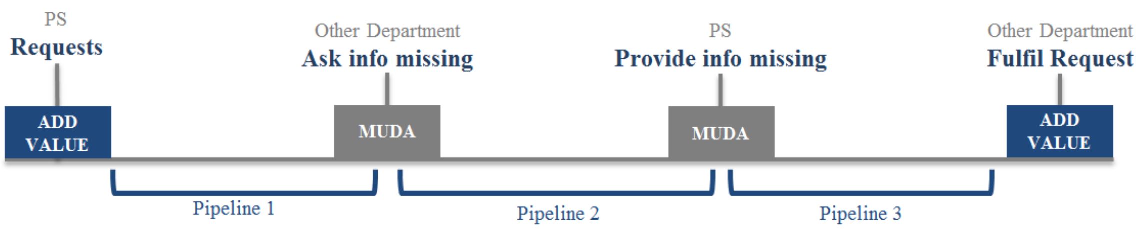

Figure 22 - PS Department Example of *Muda* activities

Aiming to eliminate pipeline one, two and three, which have a major impact on request resolution time and workflow consistency, an answer to this problem is developed to ensure greater efficiency to PS agents.

Proposed Solution

The Farfetch communication tool has a feature that consists of the display of automatic texts – macros - according to the action that the submitter of the ticket wants to perform. It allows the application of standard texts with parameters to every identified situation. This solution admits the implementation of an unlimited number of macros.

The use of macros has great potential to this internal communication improvement project because it allows the following advantages, to each type of request or answer:

- Standard titles;

- The text and the message structure is the same, independently of the PS agent, which allows an easier reading to the receiver and communication consistency to the department;
- Each communication macro theme displays the information needed by the other department to act. The PS agent just has to fill in the mandatory fields;
- Any macros can have guidelines for the next steps to handle on the process to the topic related to the previously applied macro;
- Because it is a generic automatic text, in which only the required info has to be filled in, the handle time is shorter and PS agent has to make less effort.

This simple feature is a way to streamline workflow and support requests with a single and standard text, saving time and effort of writing a separate message for similar issues.

Macros Functioning

This solution, fully integrated with Farfetch communication tool, is applied to tickets manually by agents, and happens as a result of requests from boutiques. In example, a boutique contacts the PS agent to ask an Airway Bill (AWB) document to send an order to a client. PS agent will request the shipping document to the Delivery team by applying the "AWB Request" macro. Where the PS agent fills in all the information necessary and sends the ticket to the other team. The Delivery team will have all the information to perform the request and immediately provides the AWB document to be sent to the partner. The number of iterations is unfailingly reduced and the customer receives his order quickly. The generic text to this request is represented on Figure 23.

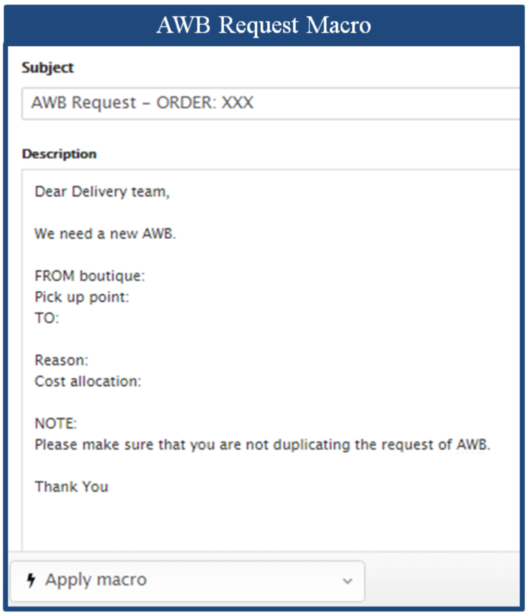

Figure 23 - AWB Request Macro

Macros Implementation

In order to implement this solution, which was not yet available on Farfetch communication tool, it was crucial to understand the different themes that are frequently used between PS, other internal departments and boutiques. Feedback from other departments' agents was essential to ensure that all communication matters were covered.

For each communication theme the exact information required for the team to act immediately it was investigated. Apart from these, the assertiveness of the request was crafted between different agents and the text structure was tested in order to be easier and also user friendly to fill in the information.

143 different communication themes macros were created in order to communicate with boutiques, Delivery team, Customer Service, Production and Fraud temas. Messages between Farfetch's internal departments are always written in English. Because of that, all macros were developed in the English language. However, partners are spread across the world, implying that all macros oriented to talk to boutiques are translated in 5 more languages: Italian, French, German, Spanish and Japanese. These translations were produced with the help of PS agents' native speakers of these languages, in order to maintain the linguistic accuracy. In total, 245 macros were developed and implemented on communication tool.

Partner	English
	Italian
	French
	German
	Spanish
	Japanese
Deliver	
CS	
Production	
Fraud	

Figure 24 - Macros Organization on Zendesk

Another advantage of the use of macros is the fact that, once a macro is applied, the ticket is automatically directed to the department chosen theme. In addition, all macros are already categorized, a process in which the PS agent has to, before submitting the ticket, classify the ticket matter. Without the use of macros, agents have always to choose the receiver and categorize tickets manually. Fewer clicks improve PS agents' efficiency and reduce non-value activities.

Following the AWB Request example, Figure 25 shows the request filling and the respective answer efficiency due to the use of the respective macro.

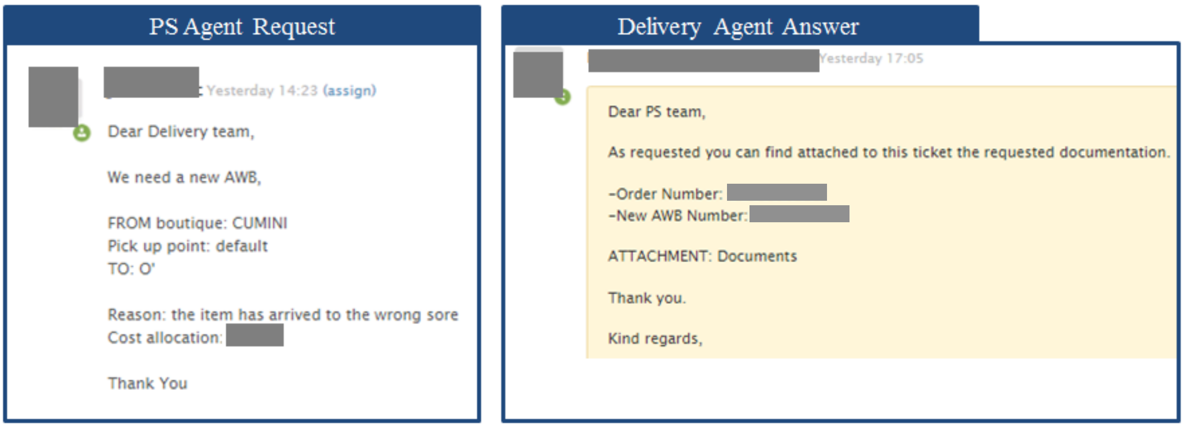

Figure 25 - Macro Efficiency Example

5.1.2 Linked Tickets and Custom Fields

The use of linked tickets is the developed solution to solve communication issues in which tickets:

- Have too many iterations, involving departments whose action was already done – higher rate of reopen tickets and spam to boutiques;
- Are too long and not straightforward - more difficult understanding to all ticket's stakeholders;
- Provide inside information to partners - loss of Farfetch bargaining power.

This tool is also a feature from Zendesk that was not being used by PS agents. Instead, when PS agents needed more than one entity to solve an issue, both of them would be involved in the same ticket.

The linked ticket consists on a ticket created in association to a parent ticket. The parent ticket is ticket with the original request. Each parent ticket can have more than one linked ticket, according to the number of internal departments that are necessary to solve parent ticket case. With the use of linked tickets, parent tickets users will not have access to linked tickets messages, assuring one linked ticket per communication channel.

The core implementation of this feature was based on the training provided to all PS agents. Old habits are more difficult to overcome. Because of this, workshop sessions were performed to explain the concept behind its use and also the advantages for agents. The use of real examples facilitated the PS agents' understanding of the linked tickets usage.

The figure 26 shows a ticket with origin in a partner request to PS agent. If in this ticket a request to the CS department is necessary, it is more efficient the creation of a linked ticket in which just PS and CS assigned agents will have access to messages. In this ticket, the partner is not being notified. If, in order to solve parent ticket issue, PS agent needs the Delivery team help, another linked ticket can be created to PS and Delivery agents to communicate. In this, besides ticket involvement, partner and CS agent are not being notified. After requests from CS and Delivery fulfilled, the parent ticket can be solved and boutique just has access to messages exchanged with PS agent.

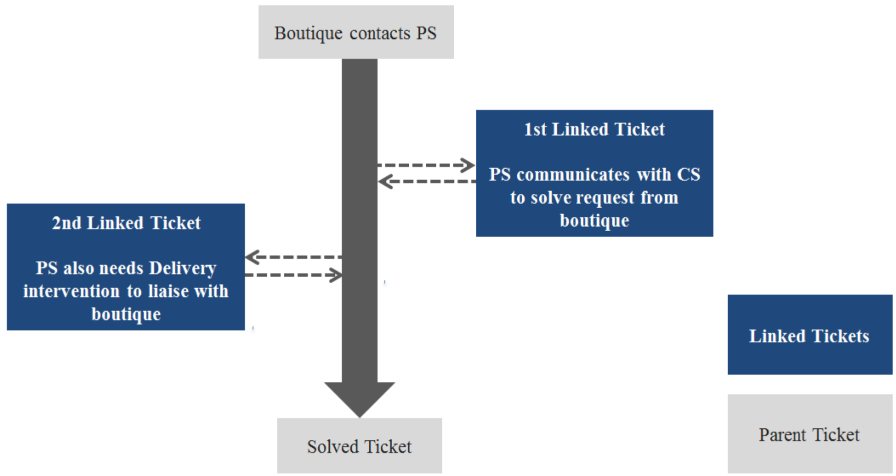

Figure 26 - Linked Tickets Analogy

Custom Fields

In order to improve information transfer between teams a new feature was added to Zendesk. This feature utilizes subject information and stores it in a new field – Costum Fields – so it can be used when creating a linked ticket.

Subjects usually contain information such as: order number; item ID; AWB number; and slot number. Therefore, the feature uses this information automatically using the inputs provided by the agents in the subject, not requiring another information submission from them. This feature does not require additional work and uses parent ticket information to make it available to the associated linked ticket.

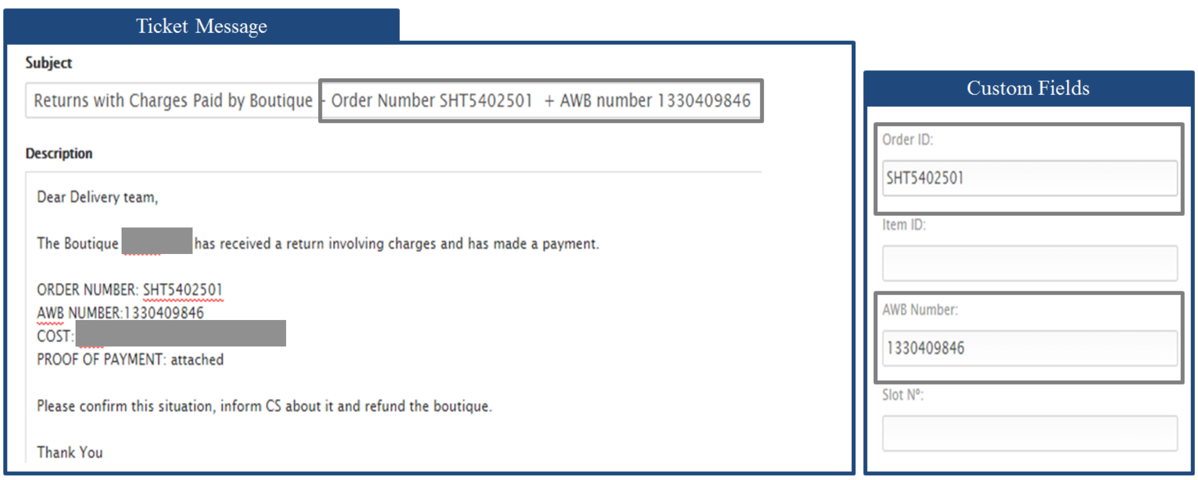

Figure 27 - Automatic Custom Fields Filling

As show in Figure 27, once the ticket message was filled in, the four types of data available on the ticket subject are updated in the respective ticket custom fields. This feature was implemented on the left side of Zendesk and, once a linked ticket is created, the respective information is also available in linked ticket custom fields.

5.1.3 My Note

The solution to avoid reopen tickets was developed by taking into account the reason why this was happening. Tickets were being systematically reopened due to the action, from PS agents, of writing notes as soon as the ticket case was solved. In order to end such event, while not eliminating the output writing procedure, a new feature was implemented on Zendesk.

In the same Zendesk location of the previously approached custom fields, My Note has a fill in text area in which PS agents are free to write the ticket final result. This allows the output to be consulted by any other PS agent and supervisors, without damaging other internal teams' backlog and metrics.

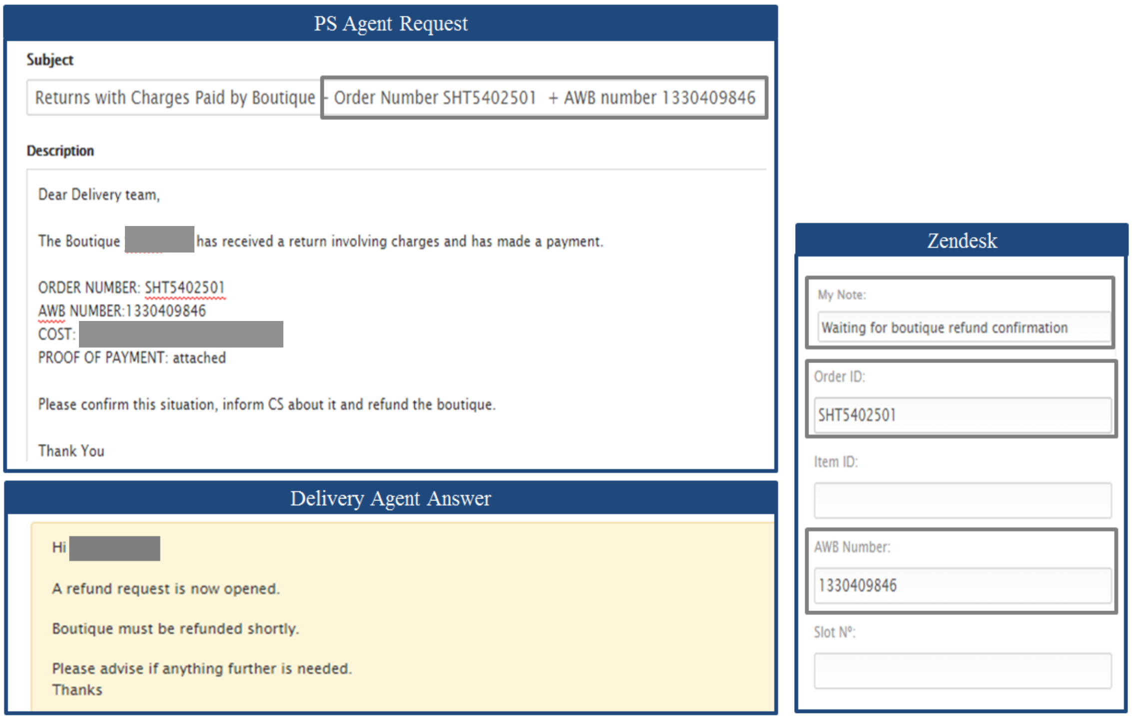

Figure 28 - My Note Filling Example

The above figure represents an example of the use of My Note to write ticket output without reopening the ticket from the Delivery team side.

5.1.4 New PS Dashboard

As a result of previously implemented solutions, it was imperative to understand their impact in terms of PS department backlog. These new procedures would only be significant if causing positive results on team's efficiency. In order to assess results, it is crucial for PS agents to monitor their work, so they can evaluate progresses and their own achievements. The solution provided to this issue was the development of a dashboard, accessible to everyone, in which results are displayed according to different metrics. This visual representation of agents' workload empowers them to focus on Farfetch goals and overcome their results. The developed dashboard it is available on Appendix D.

The PS dashboard was developed in collaboration with a business analyst, and synergies were merged. The present project goal was to establish key performance indicators that were representative of new procedures progress. The analytical development of the dashboard allowed presenting these metrics in a visual and user friendly tool.

In this, different tickets statuses are disclosed according to each PS agent backlog. The statuses shown are:

- **New** – tickets that just arise from different departments or from the boutiques without any interaction yet;
- **Open** – tickets with a reply from a previous action of the PS agent;
- **Pending** – tickets waiting for a reply from other Farfetch internal department;
- **On hold** – tickets waiting for a reply from an external entity, usually partners.

The grand total of these statuses is also provided, in order to overview the PS agent activity. Moreover, the dashboard also displays a graph showing backlog evolution by day. The dashboard contains a filter option to change the time range that most suits the user. Each day is represented by the sum of tickets new, open, pending and on hold.

Another section is the graph in which are represented the top 30 backlog communication categories per day. This representation was thought to be an auxiliary tool in which supervisors and PS agents easily assess the most frequent issues handled by the department. With this is it possible to understand which matters have most impact on department backlog and then study solutions to surpass team workload.

The last section of the dashboard depicts results of tickets usage: average number of tickets interactions, average ticket resolution time, average ticket handled time, reopen tickets rate and macros usage rate. By the implementation of such metrics to be consulted, agents efficiency is easily stablished with Farfetch goals. At the same time, supervisors can set up parallelisms between the use of macros and agent's tickets efficiency and act according to it.

The developed PS dashboard is the representation of backlog panorama. It is intended that this tool will provide feedback on PS agents' work quality, as well as proactively adapting their routines and suggest ideas to improve their results.

5.1.5 Roll Out and Training

Regarding the developed solutions, 10 PS agents were selected to be part of the internal communication improvement project pilot. These agents were taught how to apply macros, in what manner using linked tickets and custom fields' can beneficiate their work, how to operate the My Note feature, and its gains to all departments involved in regular PS communications. During pilot period, PS agents provided feedback about new macros inclusion and linguistic adjustments in order to create more straightforward messages. These suggestions granted a more suitable standardized set of messages to be delivered to partners and other departments, but also enable a group of agents to start adapting to this new way of working.

Once all macros suggestions were introduced and put in practice, it was possible to parameterize the impact of these new procedures on PS agents' efficiency. Before the roll out, first all PS agents were provided with new conducts presentation. After explaining the reason for these procedural changes, agents were introduced to pilot agents' tickets results. In line with these project goals, average ticket handled time, average ticket full resolution time and reopen tickets rate decreased with high impact on pilot agent's backlog. These results were shown to reinforce project accuracy in order to implement these new procedures to the all PS department.

Apart from being able to perform these new features on Zendesk, agents and supervisors were able to consult the new PS dashboard. With this new tool, agents can visually understand the amount of tickets solved and handled, and easily adjust their performance to Farfetch targets.

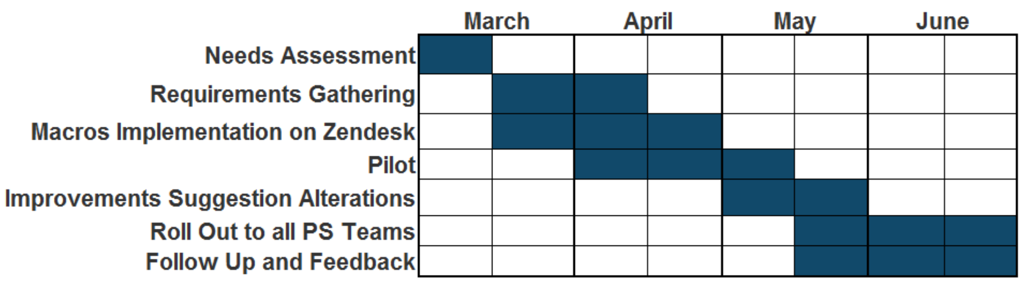

Figure 29 - Internal Communication Improvement Project Timeline

5.1.6 Results and Gains

When this new project was implemented to all PS agents, it was possible to gradually perceived the new procedures' full impact. Besides having monitored communication data – PS dashboard - to follow up project status, feedback from other departments' agents and supervisors were also taken in consideration.

In terms of communication assertiveness, with the use of macros it was possible to observe tickets being solved with fewer iterations than before. With this new procedure all PS agents are able to know the information required to the other teams to act and make it available on the ticket. Requests are also standardized and it is easier for other departments to reply to PS requests.

Table 2 - Project Impact on Average Number of Tickets' Comments

Period	Average Number of comments
Before Project	4,50
After Project	3,69
Reduced:	18%

Moreover, the application of macros combined with the use of linked tickets means that requests to different teams are now more structured and cautious. The accurateness of messages exchanged among teams allowed for the decreasing tickets average resolution time, in comparison to the period before this project implementation.

Table 3 - Project Impact on Average Tickets Resolution Time

Period	Average Tickets Resolution Time (Days)
Before Project	7,29
After Project	4,01
Reduced:	45%

In addition, due to the fact that macros already provide the text of the request, and each application purpose is extremely clear for other agents to act, the average total time spent by the PS agent to deal with a ticket – handled time – has also decreased. With such an achievement, PS agents have more time to dedicate to other tickets in backlog.

Table 4 - Project Impact on Average Handling time

Period	Average Total Time Spent to Answer (Min)
Before Project	27,16
After Project	16,30
Reduced:	40%

Regarding the My Note feature, PS agents started using this in order to highlight ticket output to other agents or supervisors viewing. This procedural change decreased the amount of reopen tickets to other Farfetch internal departments. This innovation enables that only tickets whose resolution was not yet achieved are reopened.

Table 5 - Project Impact on Reopening Tickets Rate

Period	% Reopen Tickets
Before Project	41%
After Project	24%
Reduced:	41%

With the introduction of the PS dashboard, PS agents are now able to understand the amount of tickets that each of them has handled. Besides this, the tool allows to understand which ticket categories are increasing backlog.

5.2 New Reporting Tool

The PS procedure analysis allowed to understand that the MPO report was one of the most difficult and exigent tasks for PS Operations agents. This report is highly important to ensure that partners have access to their previous month performance in order to improve their operations. This tool has the purpose of improving customer experience and evaluate boutiques' conduct. The primary goal is to ensure consistency between all partners.

The lack of elements consistency, as shown in last chapter, showed that MPOs are much diversified according to the assigned PS Operations agent. This multiplicity does not correctly fulfill Farfetch business needs. Besides this, the effort necessary to the creation of each MPO prevents resources from using their time in more productive tasks, impacting the backlog of the department. The second developed line of action to solve PS department's problem is the creation of a new MPO report structure and its automation.

By creating a formal standardized report structure to be delivered to partners it is ensured that all boutiques have access to the same elements of each one of the four topics presented in the MPO. For PS agents it is also more appropriate to fulfil report's assumptions and help stores beneficiate from their work analysis. The automation of the report allows agents to have access to boutiques' data without spending so much time. In the day the report is to be sent, it is automatically generated and all data is collected.

In order to reach this solution, firstly it were analysed all the requirements that would be crucial to the MPO assertiveness. Secondly, the report layout was developed according to Farfetch design for later document automation.

5.2.1 Requirements' Gathering and Formal Structure Development

For each topic: Speed of Sending; No Stock; Returns and NPS, it was analysed the elements that most frequently were provided to partners. It was also studied the inclusion of other components in the new MPO structure in order to improve partners' perception of how their performance impacts their financial earnings and losses. Besides this, elements are connected by setting casual links and also guidelines to help both PS agents and partners in order to better understand results. All elements were aggregated in a single document, whose design was also focus of attention. The more appealing the MPO report, the better service is being provided.

Below is presented each topic's elements and the reason for their inclusion on the new MPO report. The new report document it is available on Appendix E**.**

Speed of Sending

As previously explained in chapter 3, this topic is related to the order processing time that boutiques take to ship items to customers. In this topic, besides presenting the SoS score of the respective boutique and the target for the related month, partners now have access to the amount of orders that were sent in the different time ranges: less than twenty four hours; between one and two and a half days; and more than two days and a half. Since order processing is done in three different steps, partners are presented with average processing time per step. In order to be easier to understand which step is delaying the shipping process, it is also provided the step and boutique pick up point with worse performance, highlighting partner's attention to it.

In the same topic, after providing performance details, partners can understand previous month incentives and penalties, according to Service 2.0 agreement. In this part of the Speed of Sending analysis the following elements are presented: packaging discount; shipping charged; earnings; and potential earnings. This financial data is the information that requires most attention from the partners. In here they have access to the incentive earned according to performance accomplishments, but also the penalties due to worst achievements and the money they could have done if performance was better. This crucial information, most of times, was not being provided to partners due to difficult database access. It is believed that financial information has more influence on convincing boutiques to improve their performance. In the end of this topic analysis, it is shown the Speed of Sending results for the last six months, taking into account number of orders. There, it is possible to understand monthly performance nuances.

No Stock

This topic is related to one of the worst customer experiences – buying an item and then being warned of a technical mistake and that no stock is available. Because of this, it is vital to lead boutiques to believe that stock always has to be synchronized. With the new MPO tool, stores have access to their "no stock" score, the target for the respective month and the number of items cancelled due to No Stock within this period of time. With this information, an overview of their no stock performance is already depicted. To deepen boutiques knowledge of their work, the top brands with no stock are also provided, with respective category (clothing, shoes, accessories, etc.), gender and respective quantities and percentages. Apart from this, it is also presented the number and percentage of cancelled items for seasons. With this information PS agents are able to alert boutiques to brands with bigger percentages of no stock, understand its reasons and advise suitable actions to work around this issue. An example of this can be a brand which sizing is not accurate.

Following the same strategy of speed of sending analysis, incentives and penalties are also presented to create awareness of the potential of performance improvements on financial results. With this, the boutique knows exactly how much they will receive in free returns, the no stock charges, the amount of money earned with Service 2.0 and what they could have achieved if their performance was better. The previous six months no stock scores are also depicted in a graphic, to visually illustrate scores variability and its relation with number of boutique's orders.

Returns

The following topic concerns orders returned by customers due to various reasons. This is a delicate matter because one of three entities – customer, store or Farfetch – will be displeased by return outcome. Either the customer gets the item back, the boutique accepts the item back or Farfetch takes on the loss in very rare cases. Because of this, it is vital to get boutiques to know the amount of orders returned, the returns accepted by the partner and the ones rejected – contested- due to items conditions. The average number of days to decide whether they are going to contest or not is also depicted in order to alert the store to the time that the customer is waiting for an answer. Apart from this, partners have also access to the top of brands that are returned, relating them with category and the reason for the rebound. The final element presented related to returns is the submission of contest reasons provided by boutiques to reject returns. This study allows PS agents to show stores the main return problems, and alert them for this in the next returns contesting.

Net Promoter Score

The last topic to be included in the report is the NPS. This variable evaluates customer perception of boutiques' service when delivering an order. The new MPO presents NPS overall score, the number of customer reviews on Farfetch portal and also customers' evaluation in regards to boutique performance, the package offered to clients and the delivery speed in which sales were fulfilled.

This metric provides an average of customers’ perception on the boutique. With these results, PS agents are able to advise boutiques to improve packages and performance, providing a better experience to the final consumer.

5.2.2 Report Automation

Once the MPO structure was defined, the report was automatized with the help of the Business Intelligence team. This team is responsible for converting data into useful information and make it available to recipients. For this to happen, it was necessary to understand where each element of data was available and follow up Business Intelligence developers report building.

After this implementation step, each PS agent started to receive all assigned boutiques’ MPOs by email, in an attached PDF file. Each MPO email can then be addressed to the respective partner, followed by PS agent’s comments on the boutique performance. With such solution, PS agents only have to access the previously provided MPO document and then alert partners to their weakest points and congratulate for their achievements. The data access is automatic but the procedure did not lose the more personalized approach of having agents to suggest improvements and adjustments in the ticket written message.

5.2.3 Roll Out and Training

When the new MPO report was structured and automatized, it was initially used by a selected group of PS agents. Twenty boutiques and the respective assigned agents, five in total, were included in this pilot. The reason for such action was to test the new tool in a controlled environment. This way, possible errors or mistakes would not affect the totality of Farfetch partners. During the pilot, a few suggestions arose from the PS agents in order to improve boutiques’ perception and facilitate MPO data access. The pilot phase was conducted during the month of May.

After some adjustments, the new MPO tool was available to all PS agents. This change was followed by a workshop on how the new report was developed and its main goals. This workshop also taught them how to access and send the new document and what comments are necessary to add to each topic.

The new MPO report was implemented within all PS team in June. Due to this timing, the new reporting tool will only cover one period of results that will be compared with the previous MPO data.

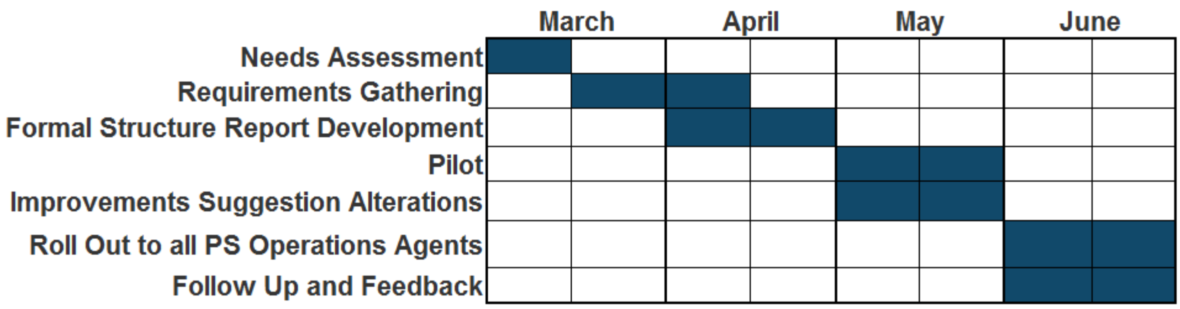

Figure 30 - New Reporting Tool Timeline

5.2.4 Results and Gains

The new report was well accepted by all PS agents. This was mainly due to the fact that they now have access to all the data automatically, together with guidelines to better understand stronger and weaker points of partners' performance. Overall, the MPO process is now faster and easier to be created.

Before the new tool implementation, the average time to create the report to just one boutique was between 2 to 5 hours. These values are not precise due to the fact that MPOs were being sent to boutiques by using Outlook instead of Zendesk. This causes no control or monitoring of agents workflow. Now this process takes on average 17 minutes. This allows agents to have a more productive and competent workflow of tasks, in which more time is left to solve boutiques' requests regarding customers' orders.

Due to the fact that the process of informing stores about their performance is more structured and fast, PS agents are now able to send a bigger number of MPO reports to partners. The first impact in the number of reports was verified in May, since the pilot agents used the tool to test it. In the month of the MPO roll out to the all team- June - 224 boutiques received their report. As it is possible to see on Figure 31, the evolution is clear. When comparing to the previous MPO creation process, the new solution increased the number of partners that now have access to this performance report. The improvements derived from this increase can have great impact in improving performances, while standardizing and boosting customer experience.

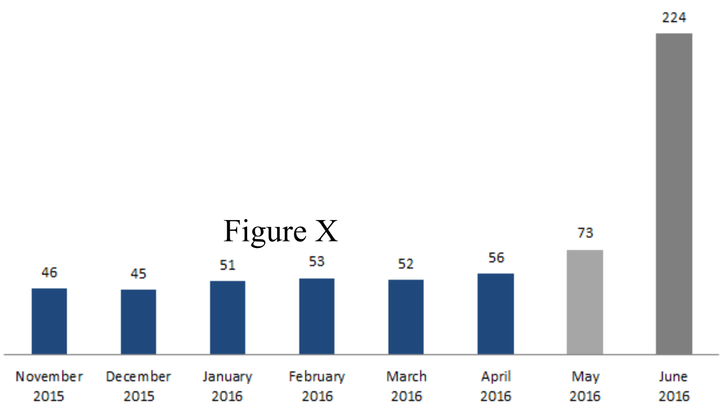

Figure 31 - MPOs trend Evolution

6 Conclusion and future work

The present project aimed to improve PS department efficiency, with high focus on communication made by the department. The importance of this need increases with the growing number of boutiques belonging to Farfetch partners' list. As the service provided to the final customer depends on the efficiency of PS Support and Operations agents, the communication between them and boutiques has to reflect it.

The luxury segment customer demands fast answers and quick issues resolution. Otherwise, it is easy the search for new online alternatives. Aiming to provide the best possible service and to recognize the Farfetch business specifics, the internal communication improvement project and the new reporting tool developments contributed to this dissertation goal.

6.1 Main results

The two above mentioned project lines of action are currently being applied in the PS department workflow. The project started in the Porto office, and its results led to its global application. Presently, American and Japanese PS departments are being introduced to the new procedures in order for them to be also positively influenced by their efficiency. Apart from this, it is a Farfetch standard to promote uniformity across global offices.

The first project, whose focus was to enhance PS department communicational flow, contributed to improve the assertiveness of the messages sent by PS agents. Such accuracy led to a decreasing number of comments by ticket by 18%; as well as average ticket resolution time, reduced in 45%. This allowed PS to communicate with boutiques in a more pragmatic and objective way, in which the replies are also more straightforward. The impact was a faster issues resolution and a quicker answer to other internal departments and final customer.

By applying the new communicational procedures – macros, linked tickets, custom fields and My Note – the communication is more structured and easy to understand. These advantages not only brought benefits to the other departments and boutiques, but also to the PS agents. The macros filling process made the communication process faster; increasing the linked tickets assertiveness and My Note feature now returns more structured messages, decreasing tickets reopening rate and promoting best performances for all involved departments. Reopened tickets ratio, one of the communication quality metrics, was reduced by 42%. At the same time, by creating more assertive messages to the boutiques, the PS department enhanced the communicational flow and improved their response rate.

The new PS dashboard is used by all PS agents to develop their own performance critical analysis. This possibility allowed comparing agents' performances and best practices sharing. Moreover, the PS main obstacles concerning communicational categories are visually depicted, enabling individual detection of the reasons of their over-intense frequency. As a result, adjustments to correct these problems were performed.

Regarding the new MPO approach, the new tool led to an increase number of boutiques having access to it. This result was due to a faster and easier MPO creation process. PS Operations agents are now able to inform and advise more boutiques, which will allow better boutiques performances. The new MPO structure, to which financial information was added, also increased the response rate of boutiques to their reports. 63% of the boutiques that received their June MPOs reports replied to their PS Operational agents, promoting discussion of possible upgrades to align partners' performances with Farfetch strategy. Ensuingly, their results are expected to be influenced by the feedback instigated by the MPO.

As a result of both lines of action to improve PS department efficiency, the backlog evolution reflected the focus given by the department to this issue.

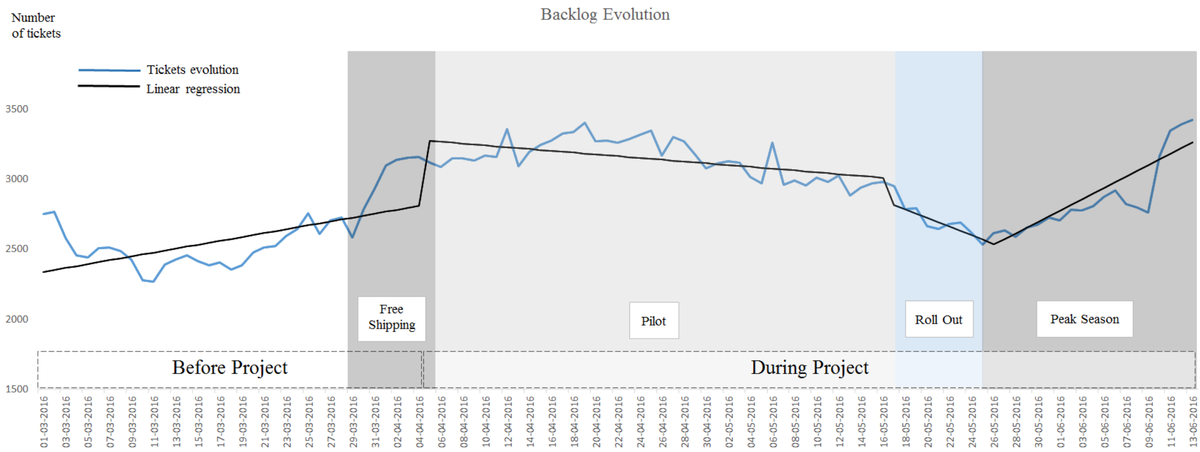

Figure 32 - PS Department Backlog Evolution

As depicted in Figure 32, the backlog was increasing before this project implementation. Immediately before the project, a free shipping campaign enlarged even more this high volume of tickets. Dark grey graph sections represent Farfetch campaigns. These usually represent an increase of communication volume.

During the pilot stage of the internal communication improvement project (soft grey section), in which only the pilot agents were using the new communicational procedures, the backlog level started to reflect some efficiency gains. Once the new procedures became mandatory to all the department- Roll Out- the backlog level decreased at a 30 tickets per day rate. However, since sale launch - Peak Season- the number of orders considerably increased, as well as the number of tickets to be handled. This happens twice a year: in May and November. During Peak Season, the PS department backlog increased, even though its negative impact was reduced due to the new procedures. As a comparison, the highest amount of tickets to be handled in peak season is similar to the highest value during pilot, with no Farfetch campaign. This result is extremely positive due to the fact that a higher amount of sales creates a higher number of tickets, than usual, to the department.

It is possible to affirm that the two developed solutions drastically changed the PS working habits and improved PS agents' efficiency. The reluctance that was, at first, revealed by PS agents has gradually diminished as positive results were communicated to them.

6.2 Further Developments

In spite of the significantly positive results of this project, there are several unexplored paths worth considering in order to improve PS department results. Although this project only focused on communicational issues, future plans aim to develop other department problems.

Due to Farfetch fast organic growth, many procedures were hastily developed as resolutions to solve emerging problems. These new procedures arose without any previous viability or impact analysis thus resulting in a collision of interests and projects amongst different involved departments. Furthermore, most often agents are not fully aware of procedures, its steps and the reason for them to happen, resulting in incongruities among PS agents performances. It is crucial to the PS department efficiency to settle and stabilize processes, as well as training agents to work harmoniously. Training is recognized to be one of the areas to be improved, in order to influence PS agents performance.

Regarding the internal communication improvement project, in which macros and the use of linked tickets were introduced, the aim is to develop the same strategy to other departments, namely Customer Service department. This way, the assertiveness provided by the use of established communication rules are also applied for other Farfetch sectors. Not only would the PS department benefit from these communications, by having exactly displayed the information they need according to the theme needs, but also the CS department would increase its efficiency.

Following the methodology used in the present project, it is a future goal to implement it as a Continuous Improvement new projects framework. The application of Cause-and-effect diagram, in association with the 5 Whys tool, lead to great achievements. These results potentiate the use a common approach to understand problems' root causes and prioritize the development of solutions. Not only the framework would benefit the team organization, but would also involve all problems' stakeholders from early stages. This methodology can be adapted to the continuous improvement projects' specifications in order to enhance team's practices and create a foundation for learning and growing.

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APPENDIX A: MPO Example 1

Feb 02 15:56

Dear

New year is beginning and I want and will try to share with you monthly the report of your performance of the previous month.

Regarding your SOS as you were, for sure already expecting the nrs of January are not the best.
You had a huge amount of orders (1.101) and your % of SOS was 83.02%.

	WEEK
H - Store by Region	(Multiple Items)
Store	VOO STORE
T - Date Order Send - DHL H -	(Multiple Items)
H - Channel by Region	All

Row Labels	Nº of Boutique Or	% Boutique (	Time spent 1	Time spent 1	Time spent Step5 (avg days) - Net
Week 02 (ending Jan 10)	212	83,96%	,79	,01	,48
Week 03 (ending Jan 17)	304	75,00%	,96	,02	,55
Week 04 (ending Jan 24)	314	93,95%	,77	,01	,34
Week 05 (ending Jan 31)	271	78,60%	,98	,03	,49
Grand Total	1.101	83,02%	,88	,02	,46

	MONTH
T - Date Order Send - DHL H -	(Multiple Items)
H - Store by Region	EU
Store	VOO STORE
H - Channel by Region	All

Row Labels	Nº of Boutique Or	% Boutique Orders with Speed of Sending < 2 days - Net
- 2016	1.101	83,02%
January	1.101	83,02%
Grand Total	1.101	83,02%

Regarding the no No Stock, the last week of January was chaotic, you had 11,74% no stock (due to your sales on the store and also on your website).
That made your monthly result increased and you ended with 5.71% that means that you will pay penalties this month.
The brand that you had more no stocks, was definitely . Would it be possible to make a stock count? I believe it would help.

	WEEK		
Store	VOO STORE		
T - Date No Stock Evaluati	(Multiple Items)		
H - Channel by Region	All		
Row Labels	**Qty Sold**	**Actual No Stock - Qty Items**	**Actual No Stock % (over Qty)**
Week 01 (ending Jan 03)	1		
Week 02 (ending Jan 10)	224	8	3,57%
Week 03 (ending Jan 17)	350	13	3,71%
Week 04 (ending Jan 24)	422	18	4,27%
Week 05 (ending Jan 31)	298	35	11,74%
Grand Total	**1.295**	**74**	**5,71%**

Another analysis that I have checked was the returns that you received.
Once again the brand is the head of it. That shows that this brand is problematic, not just on the sales, but also (and we already knew it) regarding the size range. Most of the returns are regarding the sizings.

As you know we ask the customers for a feedback at the end of the sale.
You had 38 reviews and the score was 60,5%.
Here are some examples of reviews:

Boutique Score	Number of Reviews	38
	Boutique	4,6
	Package	4,4
	Delivery Speed	4,6
	NPS	60,5

- "This was the only site i could find the boots i wanted in the right size. Then they were delivered maybe 2 days later"

"Great experience!!! Froim Berlin to Philadelphia,USA in less than 5 days@! Unbelievable!!!!!"

I believe that with the work of both teams this results will be even better.
Best regards to all

APPENDIX B: MPO Example 2

Hi

I want to share with you the latest results of your KPI results.

Although we speak almost everyday about your pipeline, I believe it's good to have some summary of the month of November.

SOS - 94%

You're results regarding the speed of sending have improved a lot.
You are every month getting better and this will, for sure increase the level of satisfaction of your customers.
On your side I'm sure that the fact that you will not receive penalties regarding speed of sending will also be very important.

No Stock - 4.68%
The brands that had more no stock o the month of November were:
- 26%
- 15%
- 5.1%

Returns:
You had 58 returns on the month of November.
57% of them came from Europe, 22% USA and Canada, 19% Asia and 25 of the middle east.

NPS
Regarding the NPS you had 22 reviews on the month of November.

Best regards to all and let me know if you have any doubts,

APPENDIX C: MPO Example 3

Dear [redacted],

Hope this email finds you well.

Please find attached [redacted] Monthly Performance Overview service 2.0 for December 2015 and key highlights below:

SPEED OF SENDING
a. 99 orders (45,41%) were dispatched within the first 24 hours.

b. 89 orders (40,83%) were dispatched between 1 day and 2.5 days (net).

c. 30 orders (13.76%) were dispatched with more than 2.5 days (net)

First of all we should focus and see what went wrong with these 30 orders, in order to improve already for next month your speed of sending to have at least all orders send within 2.5 days. Once this is complete we can focus on finding strategies to send as much orders as possible within 24 hours.

NO STOCK
Since the first of October you've been having a No Stock performance of 5.70%, this means you slightly improved. Your No Stock percentage in November was about 14%. Despite the improvement you're still more or less 3% above target.

In order to improve this numbers I took a deeper look into the items that you had to cancel by no stock and figured out that all the items that you had to cancel were sales items (AW15). The most efficient method from your side could be either to do a stock take of all your sales items that you're still offering on Farfetch, or just take them all out and insert again from zero.

I truly think that with that action we could optimize the no stock performance that in the end is harming your business, since it's generating penalties.

NPS
a. 40% feedback.
Only five of your customers provided feedback regarding his order (Speed of Delivery and Packaging). This customer gave you 40% for the packaging and 95% for the SOS.

Despite the really good SOS feedback, the packaging needs to be improved in order to amaze all the customers.

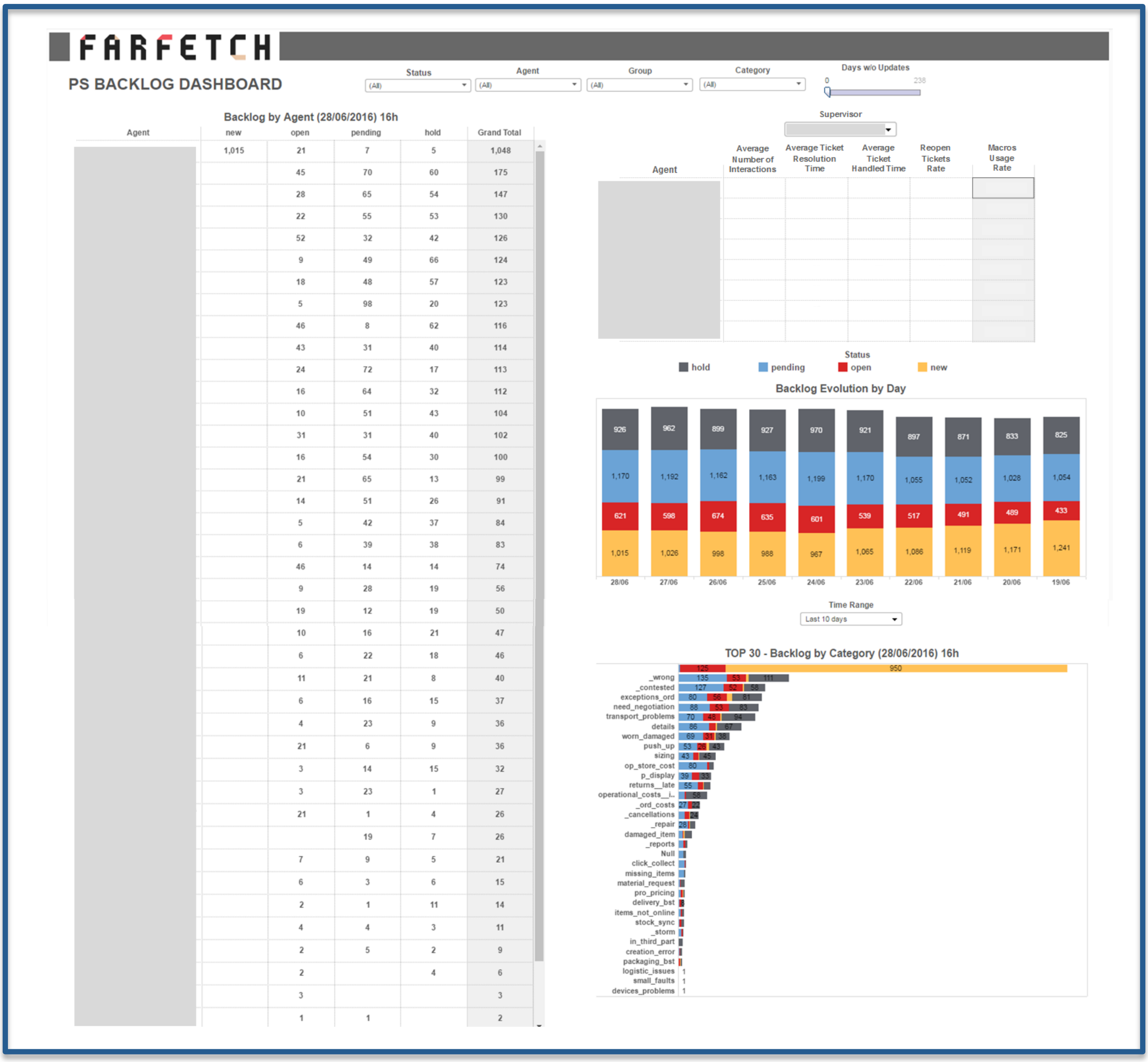
Your packaging performance can easily be changed if you maybe for instance prepare all the packaging with care and try to personalize your orders with something personal like a individual handwritten greeting, in the end it will be your packaging that generates the "wow" effect that will separate you from other stores.

As you're able to see by the attached example, a nice wrapping (maybe even giftwrapped with your the stores name) makes a huge difference.

I truly think that with these small changes we can improve both the NPS as well the No stock.

Please do not hesitate to let us know of any questions, issues or suggestions about this report. All feedback will be much appreciated.

APPENDIX D: PS Dashboard



APPENDIX E: Developed MPO Report

FARFETCH

Monthly Performance Overview

April 2016

SoS*: 100,00%

* orders sent in less than 2 days

96,0% SoS target

Service 2.0 speed of sending ranges:

97,87%	460	Orders dispatched within 1 business day
2,13%	10	Orders dispatched between 1 and 2,5 business days
-	0	Orders dispatched after 2,5 business days
100%	470	Total orders sent

Below find a detail of the processing time per step and pick up point:

	step 1	step 2	step 3
MAIN ADDRESS	0,15	0,02	0,35

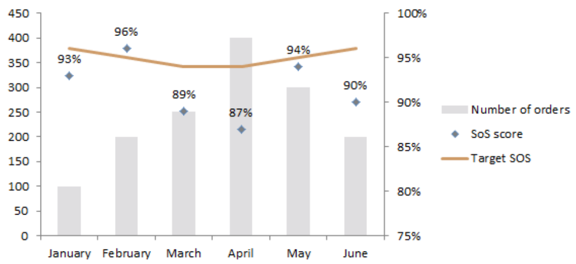
The step that requires your attention is:

Step:	3
Pick Up:	Main Address

Speed of sending incentive/penalties for last month:

Packaging Discount:	Shipping Charged:	Earnings:	Potential earnings:
0	0	0	705

Speed of sending results for the last 6 months:



No Stock: 0,57%

2,50% NS target

3 Items cancelled as No Stock

No Stock details by Brand + Season:

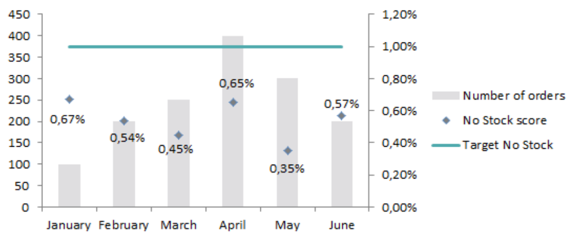
TOP Brands	Nr of Cancelled Items	% of Cancelled Items	Main Category	% of Cancelled Items	Main Gender	% of Cancelled Items
	1	33,3%	Clothing	33,3%	WOMEN	33,3%
	1	33,3%	Shoes	33,3%	MEN	33,3%
	1	33,3%	Lifestyle	33,3%	WOMEN	33,3%
Grand Total	3	100,0%		100,0%		

TOP SEASONS	Nr of Cancelled Items	% of Cancelled Items	% Discount Items	Total Value
AW15	2	66,7%	66,7%	392,37
SS16	1	33,3%		112,61
Grand Total	3	100,0%		504,98

Following your performance, You can see below a detail of your incentive/penalties for last month:

Free Returns:	No Stock Charges:	Earnings:	Potential earnings:
0	0	0	1267

No Stock results for the last 6 months:



Returns

100 returns received during the current month
25 Contested Returns
25 % of Contested Returns
4,39 of days to decide Contests

Rreturns details for last month:

TOP Brands	% of Returns	Main Category	% of Returns	Main Reason	% of Returns
	24,0%	Shoes	66,7%	Item is too big	50,0%
	15,0%	Clothing	100,0%	Item is too small	40,0%
	9,0%	Clothing	100,0%	Item is too big	77,8%
	9,0%	Clothing	100,0%	Item is too big	66,7%
	8,0%	Clothing	100,0%	Item is too big	62,5%
	7,0%	Clothing	100,0%	Changed my minc	28,6%
	6,0%	Clothing	66,7%	ther fitting proble	33,3%
	4,0%	Clothing	75,0%	Item is too big	75,0%
	3,0%	Clothing	100,0%	ther fitting proble	66,7%
	3,0%	Shoes	100,0%	Item is too big	66,7%

Returns reasons and quantities:

Main Reason	Qty Items	Items %
Item is too big		
Other fitting problem		
Item is too small		
Changed my mind		
Quality		
Item not as described		

Last month contests:

Contests	Qty Items	% of total contests
Not mine		1,0%
Worn/damaged		1,0%
Box damaged		1,0%
Late return		1,0%
Return not arrived		1,0%
No security tag		100,0%
AWB for exchange		0,0%
Item to repair		0,0%

NPS (Net Promoter Score)*: 82,61 %

Your customers recommendations rate:

NPS Parameters	Result
% of Detractors	
% of Passives	
% of Promoters	
Nº of Boutique Orders with NPS	

Regarding your customer's evaluation, please find below your score details

Parameters	Score*
Boutique	4,9
Package	4,8
Delivery Speed	4,9

** out of 5*

Click & Collect / Same day

23 Click & Collect orders
34 Same Day orders

Any doubt do not hesitate to contact your Partner Service agent.