



## High-Tech Supply Chain Outsourcing

### Highlights



- Conducted a comprehensive assessment of supply management operations, identifying opportunities to standardize processes, streamline workflows and reduce headcount
- During first six months of engagement, saved the client \$400,000 through process improvement efforts
- Maintained an inventory accuracy rate of 99% and receiving velocity rate of three hours

**The Challenge:** In late December—in the midst of consolidation and reorganization pressures with union contracts to be considered—a telecommunications chip provider’s global procurement organization solicited quotes from outsourcing firms to manage shipping, receiving, material handling, on-site transportation and storeroom operations at its five U.S. locations. They were seeking a flexible supply management organization to rapidly improve business processes and substantially reduce operating costs. Implementation was to be underway by early in February. In short, the organization needed supply management expertise recruited, hired and trained, and best practice processes put into place, and fast!

**The Approach:** Under such a tight schedule, the key to Spinnaker’s ultimately successful outsourcing program started with a well-defined and executed project implementation and staffing plan. Spinnaker detailed activities and milestones to be addressed, identified people, process and technology needs, as well as those activities to be performed by the client prior to and during implementation and startup. Jointly, Spinnaker and the client’s project team developed schedules, key performance indicators and other performance metrics, and revised job duties to fit the new organizational structure.

**The Recommendations:** Spinnaker completed a comprehensive assessment of supply management operations. Through this analysis opportunities were identified to standardize processes, streamline workflows, consolidate storerooms and ultimately decrease headcount required to support the operations. Spinnaker mobilized its SWAT team for deployment to the client’s facilities and corporate customer support center. Training followed on- and off-

site for processes, procedures, policies and other related activities. By early February, Spinnaker had launched its implementation plan at all client sites, focusing resources to prevent disruptions or lost production.

Within a month, the Spinnaker team was operating with increasing independence and beginning to identify opportunities for savings and process improvements, constantly migrating the client's operations to a best practices environment.

**The Results:** Spinnaker's efforts resulted in standardized processes for Incoming Logistics, consolidated storerooms, and reduction in outside warehouse space and cost. By improving processes and productivity and providing flexibility in resource scheduling that reduced the number of supporting personnel required to run the operations, Spinnaker cut operating costs of the business functions by 17 percent. During the first six months of the engagement, Spinnaker saved the client \$400,000 through process improvement efforts. In addition, Spinnaker established performance metrics to track achievement of service level commitments. Spinnaker has consistently met, and often exceeded client expectations, maintaining an inventory accuracy rate of 99% and receiving velocity rate of three hours.

Perhaps the best measurement of Spinnaker's success "is that we knew there would be difficulties, things that might be forgotten or overlooked, hidden problems. But, there were very few of those, and no major problems," said the client's Systems Logistics Managers.

"Obviously, they knew how you create a team in short order. We didn't have the ability to do that. They hired more than 40 people and got them up to speed rapidly. The very few people hired who didn't measure up were dealt with rapidly. The people they brought in got up to speed rapidly and did a great job," the Logistics Manager noted. "I suppose a lot of people can do this work, but the proof is in addressing the unforeseen problems. Spinnaker showed us they can think. They didn't sit back and say 'you didn't tell us about this.' They worked rapidly and independently. We did not miss a delivery or a day of operations. It all worked fluidly."

**About Spinnaker:** Spinnaker is a supply chain services company that helps clients grow, manage risk, reduce costs, and improve customer service by developing world-class supply chain capabilities. Our services help clients develop the right supply chain strategy for their business challenges and implement the process and technology solutions to improve Demand/Supply Planning, Procurement and Sourcing, Logistics and Warehousing, and Reverse Logistics business performance. Spinnaker offers a unique service delivery model that combines the strength of deeply experienced management and technology consultants with a seasoned team of business process outsourcing (BPO) and 3rd-party logistics (3PL) professionals. Founded in 2002, Spinnaker has offices in Boston, Columbus, Denver, Houston, Memphis, Pittsburgh, London, and Singapore.

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