



Semiconductor Manufacturer Improves Customer Service While Reducing Operational Costs

Highlights



- Consolidation efforts netted a 66% reduction in facilities, overhead and inventory costs
- Cut spend on consumable materials by almost 5%
- Reduced the supplier base by 20%, saving administrative time and money
- Increased level of service for customer and project specific outbound orders
- Lowered transportation costs through stricter outbound order management and multiple order consolidation
- Implemented recycling programs that drove cost savings and reduction of waste products
- Created a stand-alone RMA department to handle all customer returns

The Challenge: A large semiconductor manufacturing company recently acquired one of their rivals and was looking to merge both the newly acquired physical inventory as well as a variety of other supply chain components from both companies into one cohesive, streamlined supply chain.

The manufacturer was faced with a multi-faceted challenge including moving and consolidating physical inventory, as well as migrating their systems from Oracle to SAP, not to mention the pressing need to deliver training to an expanded set of employees. All of this needed to occur quickly, with little disruption to the overall business, and with as little risk as possible.

The manufacturer chose to partner with Spinnaker to bring a fresh perspective during this integration process. Spinnaker was asked to deliver a suite of planning, value-added warehousing & distribution, procurement, IT, and training services.

The Approach: The manufacturer enlisted Spinnaker's guidance to develop a multi-stage implementation program that focused on achieving five main goals set by the client:

- Expedite the accurate transition of inventory to new systems and location(s).
- Cost effective management of material logistics services.
- Rationalization of suppliers and inventory.
- Improved operations across supply chain.
- Optimize planning and sourcing procedures.

Phase I - Develop & Implement a 'SWAT' Team

Spinnaker put together a core team of supply chain execution experts to tackle immediate concerns related to:

- Interviewing, hiring, & training processes for the newly combined operational teams.
- Migration of system level inventory data & workflow configuration from Oracle to SAP.
- Development of an optimized storeroom layout and management of an accompanying equipment & inventory move.
- Ongoing value-added warehousing, distribution and Returns Management services.
- Establishment of a rapid problem solving approach for any issues that arose across affiliated operations.

Phase II - Outsourcing of Material Logistics & Planning Operations

Spinnaker also assumed the management of the manufacturer's outsourced material & logistics functions, including:

- Material planning
- Logistics planning
- Inbound/outbound logistics
- Document management & compliance responsibilities
- Inventory optimization activities to set relevant stocking levels

Phase III - Development of Procurement "Center of Excellence"

After the facility move was completed and operations were underway, Spinnaker was asked to manage the client's procurement operations, including:

- Strategic sourcing
- Contract management
- Purchasing
- Supplier portfolio rationalization
- Supplier management operations

In addition to managing current supply chain processes, Spinnaker implemented an e-Procurement platform and initiated several continuous improvement programs like a safety audit, operating procedure assessment, and helped facilitate ISO certification efforts.

The Results:

- Delivered improved logistics & customer service operations at a reduced cost.
 - Lowered transportation costs through stricter outbound order management policies and multiple order consolidation.
 - Implemented recycling program to reduce waste and overall operational costs.
- Created a stand-alone RMA department to handle all customer returns; allowing the client to provide total life-cycle management and an expanded set of services from custom manufacture through the raw materials recycling.
- Backlog of legacy returns reduced by \$663,000 in under six months.
- \$1.5 million of a major client's returns have been removed from list of outstanding orders.

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.

Contacts Us:



Phone: 877-476-0576



Email: info@spinnakermgmt.com