



## Telecom Materials Management Outsourcing

### Highlights

- Introduced an outsourced alternative for managing the procurement of all direct materials associated with product manufacturing
- Lowered operational costs, reducing headcount by 40%
- Introduced innovative practices and procedures to the materials planning function
- Reduced invoice discrepancies from \$28 million to \$300,000

**The Challenge:** For decades, this leading telecommunications network provider has successfully designed and delivered networks for the world's largest communications service providers. In 2001, despite its enormous success, this organization recognized the need to streamline internal operations at its Columbus, Ohio facility to reduce operating expenses, and realign the business to focus more intently on its customers.

The operational challenges that the client faced were two-fold, requiring a substantial structural makeover and reallocation of internal resources, as well as a need to address change from a manufacturing standpoint. To meet its manufacturing needs, they would eventually turn to a contract manufacturer. However, in the near term the company needed a partner to bring strategic initiatives to the operation of its materials planning unit.

The client wanted streamlined operations that would drive additional savings through process improvements and effectively integrate purchasing-related operations at the Columbus facility. Spinnaker offered a proven track record of delivering results and viable alternatives for a more cost effective way to manage goods and materials.

**The Approach:** At the time Spinnaker engaged with this client, their internally staffed team was managing the procurement of all direct materials associated with product manufacturing. With varying degrees of efficiency and accountability, they employed a 50-person team responsible for managing approximately \$2 billion in annual expenditures.

Spinner's staff of purchasing and Working against the clock, Spinner activated a month-long implementation plan, recruiting and constructing a highly educated and expert material planning team within just weeks. The new, Spinner-staffed team completed a rigorous training program, quickly learning and working with multiple systems and processes, and prepared to begin work at the plant.

**The Results:** Without losing a day of downtime in transition, the Spinner team began working immediately on-site. These complex tasks fell in line with the capabilities of Spinner's team at the Columbus facility:

- Asset tracking involving location reporting and inventory monitoring via bar-code technology
- Logistics including sequencing and staging of all product deliveries
- Surplus materials management, and analysis and resolution of all system disruptions
- Forecasting to help ensure consistency of current production and inventory levels of raw materials
- Invoice management tools designed to reduce discrepancies and facilitate flow of purchase orders
- Generation, analysis and management of comprehensive reporting for all purchasing, logistics and materials management activities


The Spinner team successfully lowered operational costs, reducing headcount by 40%, and brought with it a fresh outlook to the work environment. The new Spinner staff introduced innovative practices and procedures to the materials planning function that have created a solid foundation for heightened and continued success at the facility.

“The Spinner team has created a more professional workplace and proven themselves time and again. We’ve cut operational costs almost in half,” said Materials Planning Manager for the client. “Beyond adding value through reduced operational costs, these individuals have brought a ‘go getter’ attitude that is reflected in their willingness to help each other get the job done—no matter what it takes.”

A productive, efficient workplace is only the beginning of the improvements that Spinner delivered to this client. At times, the previous team had up to seven individuals monitoring invoicing issues. When Spinner came in, there were more than \$28 million in discrepancies. Today, Spinner has two employees who have taken ownership of these problems and have brought the total cost of unresolved invoicing issues to approximately \$300,000. In addition, Spinner eliminated \$9 million of materials inventory backlog.

**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](mailto:info@spinnakermgmt.com)