

BETTER DISTRIBUTION OPERATIONS TO SUPPORT DOUBLE DIGIT SALES GROWTH

Functional Area: Distribution Operations

Industry: Health Food Distribution

Strategic Issue: Need to improve distribution operations to support sales growth, adapt to ever-changing customer requirements and competitive threats.

Challenge: To identify process improvement opportunities and evaluate the abilities of the current management team to implement changes and to take advantage of the functionality of the new ERP system.

Action: Completed a process review and management team evaluation and recommended a revised management team structure.

Outcomes/Results: 46% reduction in order picking effort through significant reduction in non-value adding work, a tightly streamlined lot control process and a re-vamped management team able to satisfy customer requirements, take advantage of the functionality of the new ERP system and support annual double-digit sales growth.



INCREASED FACILITY CAPACITY WITHOUT INCREASING COSTS

Functional Area:	Operations
Industry:	Industrial Products Distribution
Strategic Issue:	Unable to grow the business due to space constraints in the newly established D.C.
Challenge:	Inefficient D.C. layout, storage and workflow negatively impacting order turnaround, operating costs and constraining future growth.
Action:	Re-configured D.C. layout, processes and workflow. Added appropriate storage at a minor cost to improve accessibility and capacity.
Outcome/Result:	Increased capacity, capability and potential throughput to allow for a 50% increase in sales with no additional labour or facilities costs.

LEAD THE DEVELOPMENT AND MANAGE THE REQUEST FOR PROPOSAL (RFP) PROCESS FOR SELECTING A 3PL ORDER-TO-CASH SERVICE PROVIDER

Functional Area: Distribution Operations

Industry: Pharmaceutical

Strategic Issue: The organization had service concerns with their current 3PL Order-To-Cash service provider and wanted to ensure they were receiving value for money.

Challenge: To develop an RFP encompassing the many and varied, complex requirements including regulatory compliance, strict temperature control across a variety of customer types and product classes.

Action: Identified client requirements, researched potential 3PL partners with the capabilities to deliver against these requirements and led the client project team in the evaluation of 3PL RFP responses and selection of 'Best Fit' 3PL.

Outcomes/Results: Selected 3PL will address client's service concerns with current service provider while providing unprecedented reporting and data access functionality at a cost savings of over 50% and expected reduced transportation costs of 47% due to 3PL's sophisticated transportation management expertise and buying power.



LOWER LOGISTICAL COSTS WITH BETTER SERVICE

Functional Area:	Operations
Industry:	Consumer Packaged Goods/Entertainment Products
Strategic Issue:	Poor Customer Service for the approximately 400 Western Canadian Retail customers
Challenge:	Order turnaround time, error rates and costs significantly higher for orders processed from Western Canada Distribution Centre as compared to those processed from Eastern Canada D.C.
Action:	Conducted an extensive D.C. network analysis to determine the optimal locations, sizes, product inventory and transportation links.
Outcome/Result:	This resulted in the consolidation of operations saving the organization over \$100K annually with significant improvements in stock turns, order turnaround and accuracy

OPTIMIZE WAREHOUSE LAYOUT AND WORKFLOW TO SUPPORT SALES GROWTH WITHOUT PHYSICAL GROWTH

Functional Area: Distribution Operations

Industry: Industrial Products

Strategic Issue: Expectation had been that the new warehouse facility would be adequate for ten years. However, it was 'full' in less than two years and the congestion was hampering productivity and increasing order turnaround time and errors.

Challenge: To re-vamp the warehouse layout and workflow to support significant sales increases. Further, to identify process improvement opportunities and safety issues.

Action: Completed a workflow review and storage requirements assessment, and developed a number of layout options to optimize space utilization, increase storage capacity and reduce non-value adding travel time between process steps.

Outcomes/Results: 49% increase in bulk storage capacity to support a 50% increase in sales with no requirement for additional staff. This was achieved through workflow improvements and the elimination of non-value adding work. Customer satisfaction in terms of on-time delivery and accuracy improved as did the response time for requests, and the in-stock/available for sale inventory position.



SALES INCREASED THROUGH EXPANSION OF GEOGRAPHY SERVED

Functional Area: Logistics

Industry: Oil & Gas/Lubricants & Associated Products

Strategic Issue: Expand bulk lubricants sales opportunities

Challenge: Set up remote 3PL operations in North America, South America and Europe to open up new markets for bulk agricultural spray oil, OEM automatic transmission fluid and manufacturing process oils.

Action: Identified appropriate 3PL partners, evaluated based on cost-benefit, managed legal agreements, set-up operating parameters, and on-going evaluation of operations to service these new markets. This also entailed balancing the costs and logistical constraints of bulk re-supply (e.g. tanker ship through the St. Lawrence Seaway) to the best-fit location to satisfy customer needs in terms of distance and cost.

Outcome/Result: 3PL network supported expanded market penetration and a 78% increase in product sales.



SHIPPING AND RECEIVING EFFICIENCY AND EFFECTIVENESS IMPROVEMENT

Functional Area: Distribution Operations

Industry: Industrial Products

Strategic Issue: Need to improve the efficiency and effectiveness of the Shipping and Receiving functions to satisfy customer requirements and support double-digit sales growth in a cost effective way.

Challenge: To identify process improvements and evaluate the current team's ability to implement new processes and handle the rapidly increasing demands.

Action: Completed a process review that identified and eliminated non-value added work. Evaluated the incumbents' current abilities and recommended performance coaching and training.

Outcomes/Results: 34% reduction in total staff hours, improved request response time, improved in-stock/available for sale inventory position and improved customer satisfaction in terms of on-time delivery and accuracy.



SHIPPING AND RECEIVING EFFICIENCY AND EFFECTIVENESS IMPROVEMENT

This is a high level synopsis of a successful six-month-long engagement in western Canada, where our principal was responsible for both managing and stabilizing a major distribution centre and network. The scope of the engagement was to assume operational leadership and also to prepare the organization for sustaining future growth. The key challenges were improving customer service and customer retention, building up employees' morale, designing and implementing business processes, and reinventing the organization's supply chain network to support the future growth. The success of the engagement is attributed to scientific analysis, creative thinking and a concerted team effort.

The subject distribution centre in western Canada is a three-shift operation with more than 25,000 SKUs, and 150 employees. The centre supports the western region of a billion dollar Canadian retail distributor.

The following are some of the key improvements over the engagement tenure.

- **Customer complaints** reduced by 60%.
- **Business development team perceived that time spent reacting to and solving** customer complaints was reduced from 80% to 20%.
- **Number of incidents of short pick** dropped by 70%.
- **Inventory accuracy** improved by 15%.
- **Human resources** reduced by 25%.
- **Warehouse damages** reduced by 40%.
- **On hand inventory** (value) reduced by 15%.
- **Customer returns** reduced by 40%.
- **Freight cost as a percentage of sales** reduced by 30%.

Further accomplishments were also achieved in the following areas.

- **Documentation and Training:** Documented procedures and trained 100% of management and hourly employees. Achieved a training effectiveness score of 80%.
- **Knowledge Transfer and Succession Planning:** Coached and prepared a senior manager to assume an elevated role in the global organization. Hired and trained a replacement.
- **Engagement Post Mortem:** Collected feedback from the corporate executive and local management teams to evaluate the effectiveness of the engagement.
 - **From the executive team,** the top four positive activities were distribution center and supply chain stabilization, taking a scientific approach, formal KPIs, and communication effectiveness. The top four activities that could have been done better were aggressive labor planning, stock adjustments, sharing of best practices and skills transfers.
 - **From the local management team,** the top four positive activities were distribution center stabilization, team building, KPI, and communication effectiveness. Top four activities that could have been done better were cross training, progressive discipline, management training, and re-slotting/inventory planning.
- **Payback Period:** Five months based on annualized savings.

COST OPTIMIZATION JUST BY SEEING THE ISSUE – AND SOLUTION – DIFFERENTLY.

The Company:

- A consumer goods distributor
- Distribution network: eastern and western Canada
- Number of SKUs: Over 20,000

The Challenge:

The company's supply chain and distribution model was suffering because of aggressive business growth leading to a high level of customer complaints and possibility of business loss.

The company continued loading resources to fix the problem, merely multiplying the challenges facing it instead.

What Atticus did and achieved:

- conducted a systematic diagnostic, leading to a progressive improvement plan based on seeing the solution differently than the company had viewed it, and successfully implemented the new plan that
- enhanced productivity by 35%,
- reduced customer complaints by 40% and
- improved inventory accuracy by 20%.

Financial Benefits:

- overall annualized savings: \$1-million

INTRODUCING CONTINUOUS IMPROVEMENT TO A TRADITIONAL MANUFACTURER

CLIENT:

An established plastics manufacturer

PROBLEM:

The client needed to find a way to evaluate projects prior to launching them so as to assess their viability, and wanted to measure projects to evaluate their success, including tracking savings.

OPPORTUNITY:

The client saw an opportunity to reduce production costs by getting a better handle on their practicality before rolling out a product, believing the business would become more competitive being able to offer customers lower prices on its entire product line.

DELIVERABLES:

There were three primary deliverables.

1. Train more than 80% of all plant and office employees to identify opportunities, set goals and manage each project step.
2. Establish procedures for project approvals, tracking and measuring.
3. Create projects and run through the process.

OUTCOME:

After just one year, more than 100 projects were started and completed under the process with after-tax profits matching the amount saved by them. At the same time, 17 operational areas saw process improvements and reductions in production time.

More importantly, the process became integrated in the client's business strategy – one it's still following five years later – enabling the company to continue to find new ways to improve its business. The company began to "Design For Manufacturability" (DFMA) and to meet market requirements when developing new products, resulting in on-going cost savings to the company and lower prices for customers.