



Leading Global Provider of Service and Repair to the Electronics Industry

CASE STUDY

CHALLENGE: Taking back control of Inventory Logistics.

Our client is a global supply-chain service and repair provider to electronic OEM manufacturers. Locations are multiple, each operating as an autonomous, independent business unit (BU), though some costs – HR, shipping and security, for example, are shared across the company. But like many supply-chain providers, each BU is challenged by inventory control, space constraints, system issues and high employee turnover. Moreover, with so many separate BU locations, management is often overwhelmed by the time demands created by daily conference calls with headquarters and by hundreds of emails per day. At the same time, demands from our client's own customers are fluid and changing, product life-cycles are short (necessitating constant innovation), and budget constraints limit resources available to each business unit – yet business is growing. Compounding these issues: rapid promotion from within to fill vacancies due to an inefficient process for finding, hiring and training new employees.

The global company's matrix approach requires that certain matrixes need to be fulfilled to satisfy customers. One matrix is orders: each independent BU must ship an order within a specified time or the order is categorized as "unfilled." But if unfilled orders surpass a certain number, the customer is penalized. Our client had exceeded its unfilled-order limit, yet the problem was shoved aside by other, more urgent problems. As time passed, however, the problem worsened and customers, who had initially been blamed for the problem, began to complain daily. Inventory data was inaccurate: Items were listed on the books that did not exist in inventory. Blame got placed on mid-level managers who were supposed to fix the problem but who were not told how and when the problem should be identified and fixed. Employee morale dropped.

After investigating various possible reasons for the accumulation of unfilled orders, our client identified the issue as an inventory problem in its management of the lower-level components (LLC) inventory. And with the increasing number of customer complaints making their way up the chain to senior management, the global company brought in what it called the "Lean Team" — two managers from the central office experienced in inventory issues. After two months of study and analysis, the Lean Team made suggestions on how the LLC should be reported and handled but no suggested process was written down and the inventory problem persisted.

Customer complaints escalated, again. An outside consultant was hired to evaluate staff and propose solutions for LLC inventory control. But still the unfilled-order problem went unsolved, and then further analysis revealed still more inventory issues: Products were not properly identified, parts were being put in and pulled from the wrong inventory locations, and movement of the inventory was not properly recorded. Two weeks after new procedures were in place, an inventory check revealed that employees were not following the new procedures. The BU's inventory-control problem was worse than ever.

"The Impacte™ activity-based management solution allowed us to fulfill customer orders accurately and on time with well defined processes executed efficiently."

SOLUTION: IMPACTE™ INVENTORY.

After being brought in at the consultant's suggestion, the Impacte team zeroed in on the fundamental problem and conducted a two-day baseline survey. Impacte identified several component issues that, together, caused the client's inventory control to fail. These components included:

- Poorly written and not well-understood processes
- Limited time to implement and complete each step in inventory control
- No checks for accuracy or completion
- Inability of inventory system to accommodate multi-value part numbers
- Bill of Materials not maintained and checked for current rev levels
- Excessive downtime
- Shop-shrink

After the two-day baseline survey was completed, Impacte presented an activity-based inventory solution to solve the core challenges our client was experiencing. The Impacte System provided the real-time data needed to effectively manage inventory. By identifying the root cause of the problem, establishing and implementing the processes and providing the necessary communication across business functions, the Impacte Inventory Solution helped our client regain control of critical company functions.

Moreover, by outsourcing inventory control to Impacte, the client avoided the influence of an entrenched corporate culture and ways of doing things. Putting Impacte personnel in our client's facility was instrumental in providing process control and allowed the BU to operate at its highest level of efficiency day in and day out. Impacte attended inventory management meetings and provided real-time inventory data that enabled the client to adjust to changing needs of customers.

The goal of this client was not so much to reduce cost but to regain control of inventory and thus return to fulfilling customer orders accurately and on time. Impacte's Inventory Solution is a proactive approach that is set up for continuous improvement. And with the resources and experience of Impacte standing behind the solution and available, our client recognized and realized still other cost savings initiatives beyond inventory management.

THE RESULTS: Increased inventory efficiency and on-time delivery.

Result Highlights:

1. Reduction of unfilled orders
2. Reduction of management time spent managing inventory
3. Inventory control processes written down and available to all inventory employees
4. Reduction, and then elimination, of miss-inventoried parts
5. Reduction of obsolete material
6. New part-numbering system to accommodate multi-value parts
7. Reduction of capital expenses
8. Real time reporting (daily)
9. Maintenance of bill of materials
10. Improved employee hiring and training

IMPACTE™: A new way to achieve excellence in inventory management.

We help our clients simplify the complexities of running their inventory departments through our breakthrough activity-based management solution. The Impacte Inventory Solution provides more control and predictability over inventory management. It reduces overall costs, increases profit margins, creates a smoother, better running environment, and produces the most efficient and cost effective inventory solution for manufacturing. Moreover, we are on-site every step of the way, executing our in-plant solutions to ensure your success. That's the Impacte promise.

For more information call
1-877-788-0008 or visit
impacteinc.com

Driving profitability through process and execution.



Leading Global
Provider of
Service and
Repair to the
Electronics
Industry

CASE STUDY