

Case Study 2010 - Supply Chain Restructuring

Written by StuartLester

Tuesday, 04 January 2011 16:20 - Last Updated Tuesday, 04 January 2011 17:21

Outsourcing the European Distribution Centre of a Global Printer Company.

A \$200m turnover global printer company faced having to outsource part of its European distribution centre in The Netherlands at short notice. The USA HQ and local management teams recognised a shortage of local expertise and resource to meet this scale of challenge internally.

In June 2010 Opptic were contacted by a global printer vendor who needed help to outsource a major part of their \$50m turnover European distribution centre operation to a local third party logistics (3PL) partner.

The local team had identified potential partners and negotiated outline price frameworks to break even with current run-rate costs. When notice to quit part of their existing facility was unexpectedly brought forward 4 months, Opptic were brought in to project manage the transition.

Within the first month Opptic had:

- conducted inventory and transaction analyses to determine efficient supply chain policies

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Roman;">led the local team to identify an alternative preferred partner</p> <p class="MsoNormal" style="text-indent: -14.2pt; margin: 0cm 0cm 0pt 17.2pt; mso-list: l0 level1 lfo1; tab-stops: list 17.2pt;">◆◆◆◆◆◆renegotiated all the rates</p> <p class="MsoNormal" style="text-indent: -14.2pt; margin: 0cm 0cm 0pt 17.2pt; mso-list: l0 level1 lfo1; tab-stops: list 17.2pt;">◆◆◆◆◆◆set up SLA and pricing structure documents</p> <p class="MsoNormal" style="text-indent: -14.2pt; margin: 0cm 0cm 0pt 17.2pt; mso-list: l0 level1 lfo1; tab-stops: list 17.2pt;">◆◆◆◆◆◆created a comprehensive project plan</p> <p class="MsoNormal" style="text-indent: -14.2pt; margin: 0cm 0cm 0pt 17.2pt; mso-list: l0 level1 lfo1; tab-stops: list 17.2pt;">◆◆◆◆◆◆identified creative solutions to store slow moving product at significantly reduced rates</p> <p class="MsoNormal" style="text-indent: -14.2pt; margin: 0cm 0cm 0pt 17.2pt; mso-list: l0 level1 lfo1; tab-stops: list 17.2pt;">◆◆◆◆◆◆instigated aggressive obsolete inventory reduction through selling or scrapping</p> <p class="MsoNormal" style="text-indent: -14.2pt; margin: 0cm 0cm 0pt 17.2pt; mso-list: l0 level1 lfo1; tab-stops: list 17.2pt;">◆◆◆◆◆◆provided guidance in content and style of customer and supplier communications</p> <p class="MsoNormal" style="text-indent: -14.2pt; margin: 0cm 0cm 0pt 17.2pt; mso-list: l0 level1 lfo1; tab-stops: list 17.2pt;"><span style="font-size:

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small;">designed and created workflow documents covering all communications and processes</p> <p class="MsoNormal" style="text-indent: -14.2pt; margin: 0cm 0cm 0pt 17.2pt; mso-list: l0 level1 lfo1; tab-stops: list 17.2pt;">set up procedures as required within both the host and the 3PL partners</p> <p class="MsoNormal" style="margin: 0cm 0cm 0pt;"></p> <p class="MsoNormal" style="margin: 0cm 0cm 0pt;">Over the next 3 months Optic managed all of the transition activities through the local team.</p> <p class="MsoNormal" style="margin: 0cm 0cm 0pt;"></p> <p class="MsoNormal" style="margin: 0cm 0cm 0pt;">Transfer of physical product and all distribution activity to the 3PL was completed on time before the end of August.</p> <p class="MsoNormal" style="margin: 0cm 0cm 0pt;"></p> <p class="MsoNormal" style="margin: 0cm 0cm 0pt;">Over 150,000 annual cost saving was achieved.</p> <p class="MsoNormal" style="margin: 0cm 0cm 0pt;"></p> <p class="MsoNormal" style="margin: 0cm 0cm 0pt;">Opptic continued to support the local team through the first two months of business after the transition, at the partner site. This was to resolve issues as they arose, support the learning curve in the new operation, verify transaction consistency and invoicing, and smooth workflows as required.</p> <p class="MsoNormal" style="margin: 0cm 0cm 0pt;"></p> <p class="MsoNormal" style="margin: 0cm 0cm 0pt;">This case study is an excellent example of an injection of experience and resource turning a challenging problem into a major win in terms of company profitability, while protecting service levels through transition. The Company has since utilised the documentation and experience generated from this project to support the in-house roll-out of similar projects in other regions.</p> <p> <p class="MsoNormal" style="margin: 0cm 0cm 0pt;">Please close this window to return to the main case studies page of the Opptic web site.</p> <p></p>