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.

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. Spinnaker’s staff of purchasing and supply management consultants presented an outsourced alternative that would rapidly revamp the company’s material planning function.

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
Spinnaker is a global leader in supply chain consulting and execution services. We deliver supply chain excellence with world-class people, processes, technology and operational know-how.

Founded in 2002, Spinnaker operates on two guiding principles – measure our success by our client’s accomplishments and treat every situation with honesty and integrity. It’s from these guiding principles that Spinnaker has been able to achieve tremendous growth.

Spinnaker has worked with entrepreneurial start-ups to Fortune 100 enterprises in industries such as Energy/Oil & Gas, Consumer Products & Retail, High Tech & Semiconductor, Industrial Manufacturing, Medical & Pharmaceutical, and Telecommunications. We combine our vast supply chain and business process knowledge with industry best practices to deliver solutions that drive tangible results for our clients.

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

RESULTS

Without losing a day of downtime in transition, the Spinnaker team began working immediately on-site. These complex tasks fell in line with the capabilities of Spinnaker’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 Spinnaker team successfully lowered operational costs, reducing headcount by 40%, and brought with it a fresh outlook to the work environment. The new Spinnaker 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 Spinnaker 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 Spinnaker delivered to this client. At times, the previous team had up to seven individuals monitoring invoicing issues. When Spinnaker came in, there were more than $28 million in discrepancies. Today, Spinnaker 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, Spinnaker eliminated $9 million of materials inventory backlog.