
Business Process Reengineering & Continuous Improvement

One of the world's largest distributors of electronics components and value added services was incurring delivery variances in the form of defective parts, shortages and overages and in-transit product damage due to inconsistencies in packing. Victrix reviewed the warehouse operation to improve operational efficiencies, reduce costs and decrease error rates. The objectives of the project were to:

1. Review current warehouse operations and produce situational analysis
2. Identify operational inconsistencies
3. Conduct time and motion studies to establish metrics in current process and utilize to monitor and measure under future environment
4. Develop Standard Operating procedures (SOP's)
5. Recommend and source packaging materials to protect sensitive/exposed connectors
6. Reduce packaging shipping weight to produce savings for customers

Victrix Key Findings:

- Inconsistencies in different job functions throughout the warehouse due to lack of SOP's
- Little management supervision
- Lack of job descriptions, training and cross functionality
- Reliance on "tribal knowledge", resulting in insulation from new ideas
- Lack of adherence to HR policy manual
- Average tenure of employees: 25 years and a hostile environment to change
- Physical layout in receiving, packing and shipping areas was not conducive to productivity
- Lack of quality control, resulting in defective parts making it into inventory

Victrix Recommendations:

- Reengineer the physical layout of the receiving department to improve process timeframes
- Reengineer the physical layout of the packing and shipping stations and adapt stations to contain all packing materials required per shift to eliminate redundant steps
- Combine packing and shipping into one process to reduce steps from 26 to 7
- Implement SAP Warehouse Management
- Train staff to conduct cycle counting during downtime to increase balance accuracy to 98%



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- Implement Vendor Management Program (QC)
 - Train QC Receiving Inspectors to more effectively identify defective parts
 - Train for Change Management and Leadership Training
 - Institute Performance Based Management (PBM) to hold management accountable

Results:

- Productivity improvements of 40%-50% in warehouse operations
- \$431,000 annual operational savings due to increased productivity
- 27% annual cost savings from sourcing of packaging category