

SUPPLY CHAIN INBOUND LOGISTICS CENTER START-UP AND BUSINESS CASE DEVELOPMENT

CGN assisted our client's Logistics Division in analyzing their key inbound supply chain operations in relationship to revitalizing an existing building. CGN made recommendations regarding the challenges in moving sub-assembly and kitting operations to the revitalized building. CGN also developed a baseline model for understanding the activity - cost relationships for the sub-assembly and kitting operations.

Business Problem

The client wanted to:

- Evaluate the current cost of sub-assembly, kitting, warehousing, and out of process operations currently managed by a single supplier (this information was fragmented and difficult to obtain)
- Evaluate the impact of moving sub-assembly and kitting operation from their current location to a revitalized building to better manage these operations.
- Analyze the activities between the supplier and our client to better understand the key operations that support the assembly line.
- Develop a detailed map of the current inbound logistic supply chain.
- Conduct Voice of the Business to determine the future state of the building through analyzing all potential road blocks associated with the revitalization.
- Identify any significant opportunities that would quickly yield financial benefits to the organization and/or justify Six Sigma charters.

CGN Solution

The CGN team applied its supply chain expertise to:

- Develop a process map of the activities at the supplier for sub-assembly and kitting.
- Define the parts breakdown, volume, and flow of material flowing into the supplier from other suppliers and/or cross dock via different modes.
- Define the total expenditure on sub-assembly and kitting operations at the supplier for 2004.

SCOPE

Conduct detailed sub-assembly, kitting, warehousing, and inbound logistics supply chain analysis; develop inbound logistics KPI's to enable world class inbound logistics execution while driving continuous improvement; provide subject matter expertise for developing future state design of revitalized building.

BUSINESS DRIVERS

Utilize client's building as an existing asset to manage all inbound logistics activities at better costs. Develop the building into a premier inbound logistics center and make it more viable for sale to an outside party and as a result free up additional cash flow.



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- Define the relationship between line assembly operation codes and client identified part numbers to determine volume and frequency of flow of parts consumed in both kitting and sub-assembly processes.
- Define the 'out of process' warehousing charges due to excess inventory currently billed to the client.

Customer Benefit

CGN utilized its project management and Six Sigma knowledge to validate our client's strategies for transitioning inbound operations. CGN assisted the client in understanding their current costs of managing key operations that support the assembly line such as sub-assembly, kitting and related out of process costs. Our client had made several attempts in the past, with limited success, to link these operations to their true cost by individual activity. CGN developed analytical models for evaluating these operations and their related costs by activity in order to better analyze the flow and volume of parts when planning the transition of operations.

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