



A managed solution

to improve operations

An auto supplier engages a BPO solution from KellyOCG® to meet workforce challenges and streamline distribution service operations

Nearly 20 years ago, a major supplier to the automotive industry was experiencing significant challenges in its distribution services operations. Realizing that a better workforce model could help meet these challenges, the company asked Kelly Outsourcing and Consulting Group (KellyOCG) to develop a business process outsourcing (BPO) solution that would address key workforce and operational concerns.

The challenge

The auto supplier was in the business of manufacturing global electronics and transportation components, and a temporary workforce employed by the company at the time was managing key functions of its distribution center. This temporary workforce, however, had begun to experience a variety of challenges regarding inventory management—including production bottlenecks, a high rate of inventory errors, excessive material, and late customer shipments. Adding to the company's stress was the overall high operational costs of running this particular workforce model, not to mention extensive overtime required to get the job done, safety issues, and a high turnover rate.

The solution

At the time, KellyOCG was already managing the company's inventory, shipping/receiving, and warehouse operations. With this kind of knowledge of the business, KellyOCG was able to quickly assess the situation in the distribution center and implement a managed solution that would immediately improve operations and reduce workforce spend.

Results at a Glance

CHALLENGE

- Create a better workforce model that reduces workforce spend and improves inventory management at client's distribution services operations warehouse
- Reduce high turnover rate and improve safety record

SOLUTION

- Developed customized outsourced solution that addresses key operational issues including production bottlenecks, inventory errors, and late customer shipments
- Reduced workforce spend by decreasing overtime, high turnover, and other high operational workforce costs
- Implemented uniform safety program

RESULT

- Saved the company hundreds of thousands of dollars a year by implementing key changes that reduced workforce costs and improved efficiency of operational processes

Within the temporary workforce, efficiency increased by 23 percent, and overtime was reduced from 17 percent to 1.5 percent, resulting in a savings of \$525,000 a year. The BPO managed solution also reduced forklift driver costs by \$259,000 a year.

KellyOCG began by working closely with company representatives to establish and improve key metrics. This led to an outsourced solution that could specifically address a variety of issues, such as the lack of personnel efficiency, expensive overtime, and overall workforce processes that led to unneeded inventory management costs.

KellyOCG also implemented a safety-training program across the board and continuous improvement activities for temporary employees in order to make their jobs safer and reduce turnover. As improvements started to materialize at the facility, this allowed KellyOCG to take on more responsibilities that expanded even more upon what the temporary employees were capable of.

The result

The outsourced solution implemented by KellyOCG yielded tangible results in several areas. Within the temporary workforce, efficiency increased by 23 percent, and overtime was reduced from 17 percent to 1.5 percent—resulting in a savings of \$525,000 a year. The BPO managed solution also reduced forklift driver costs by \$259,000 a year.

Key changes to processes helped save time and money as well and led to a huge improvement in inventory management. By engaging electronic scanners to complete the inventory

process, the company saved \$9,000 a year and physical inventory time was cut by 50 percent. In fact, inventory was reduced to fewer than three days, and the accuracy rate improved to 99.9 percent. A redesign of the storage process allowed the company to stop paying for unneeded leased space, saving it \$38,000 a year. KellyOCG also saved the company a collective \$38,000 a year by improving the returnable containers damage process flow and consolidating four rows of inventory down to one.

As a result of the monthly safety training implemented across the board, the company also has gone 700 days without a safety incident, making the site of this BPO solution the winner of the “Best Facility Award” by KellyOCG for the last six years in a row. And because of increased productivity throughout the facility as a result of all of these efforts, the company is enjoying a temporary workforce that has the time to be cross-trained in other areas. For example, temporary employees are now able to complete customs and hazardous materials paperwork for shipments all over the world via air, boat, and freight.

For more information on how KellyOCG can help your business, visit kellyocg.com today.