



Case study: Advanced Supply Chain Management



1.1 Clients Brief

One of our clients – a major global manufacturing group - had started a complex ERP streamlining and conversion initiative which eventually reduced 15 different resource planning systems in use to one simple common integrated system. Among those systems were individual ‘island’ solutions making monthly group reporting a repeating nightmare. A single fully integrated system offered a compelling alternative to the difficulties experienced in the past. The overruling aim was the development of one standardised, simplified and harmonised ERP system that transformed the entire group, but affected literally every department, from production through sales, from finance to logistics – and most importantly - the entire HR organisation.

This case study reflects on the complex ERP implementation process and experience of one particular business of that group that not only manufactures and assembles components for electrical distribution systems, but also sells and distributes these goods through an outsourced warehousing and logistics partner.

Mr Crossman of FBC Ltd. joined a specialist implementation team and provided his supply chain management expertise as project and change manager to support the implementation, cutover and Go-Live phases in that particular business unit.

1.2 The Approach

During the project definition and blueprint phases it became clear that the complexity of the business was extraordinary and required thorough process mapping. Complexity drivers were

- the sizeable range of bought-in, manufactured and assembled products,
- the selling strategy,
- the interim storage and handling requirements of stocked products in an outsourced warehouse
- the vast range of back-to-back order items (for ‘distribution only’)
- the numerous support processes such as invoicing, supplier payments for stock replenishments, returns handling and, of course,
- reporting routines required by the Group.

The on-site ERP support team helped to define and compile the initial strategy, ensured agreement on the business requirements, measured and reviewed progress and validated them during the blue print phase. One of the prominent issues was the requirement for an interface with the warehouse. In this particular case options were evaluated to either use the existing warehouse operating software and develop compatible interfaces between both systems or implement the integrated ERP warehouse management module.

However, in order to avoid miscommunications and continuous updating that ERP systems need as they evolve we recommended using the integrated ERP warehouse module to maximise the benefits from joint process efficiencies, which the business accepted and implemented.

1.3 Implementation Support during the Realisation Phase

Introducing a new ERP system is usually connected with massive organisational change, but this is deliberate and forces the business to say 'good-bye' to inherited, comfortable and very often inefficient processes. FBC Ltd. was instrumental in the supply of change and project management expertise - gained over numerous years and a wide range of industrial processes. The tasks supported entailed:

- mapping and re-design of the mainstream processes, from order entry to distribution
- Applying specific improvement tools, e.g. root cause analysis, brown paper studies, business process re-engineering (often referred to as 'breaking the China' followed by re-assembling it or 'gluing' it back together) and
- Working with and through the people involved.

Going forward, for each of the c 7,000 products a master data profile had to be established. The people's perception in the warehouse had to be changed from 'our main task is to move pallets efficiently in and out' to the provision of and hand picking from small pick faces. The revised warehouse layout required much more details than in the past such as

- storage type, product number, quantity and pick face location,
- replenishment cycles and volumes with cross links to the vendor detail files and
- financial controls.

1.4 Results

Following a margin based product rationalisation exercise the future catalogue offering was streamlined. Stock cleansing and reorganisation helped that data migration became less complex and more transparent with SAP providing much faster and more accurate data handling and processing than the old previous ERP system, delivering close to £1m savings.

The biggest achievement in respect to the internal supply chain management process, however, has been the organisational transformation. People suddenly realised that not only had they to be knowledgeable about their own processes, but also about how these processes and their own actions affect the other integrated processes. We coached the on-site support team in changing the people's view and understanding from being an individual in an organisation to becoming an internal customer in a customer / supplier relationship.



figure 1: Supply chain interactions between internal process owners

We facilitated the harmonisation and alignment of system, tools, processes, and the people using those, delivering superb lean results: precision clockwork where there is no slack, no waste and the efficient use of energy put in to maximise output. Go-Live was achieved on time and the switch to the new system was smooth and 'uneventful'.

FBC Ltd. can also assist you to make CHANGE possible, support you during the change implementation period and let that CHANGE become sustainable !