

Optimizing operations and customer service across a worldwide supply chain while identifying pain points and limiting required stock investment



\$300M Electronics Manufacturing Business

Challenged with long lead times, erratic orders & poor customer service

Make to order policy making CSL difficult to manage

Improved planning and operational execution on BOM and FG

Background

- Our client was a specialist manufacturer with most production in Asia but with majority of its customer in N America and Europe
- Each item was calibrated and built based on specific customer requirements which historically had led to a make-to-order service
- Component lead times and a changing supply chain, led to significant delays between final delivery and actual orders

The Challenge – order variability, lead times & CSL

- Customer specialization and component variability was increasingly creating planning and production challenges
- A make-to-order setup compounded with long lead times, meant that final delivery could be over 12+ months, leading to challenges in customer order behavior and change orders
- Smaller production runs to deliver customer orders, compounded by excess BOM inventory levels since minimum orders were often above requirements affected overall operational efficiency
- Could a focus on key BOM components and FG with some inventory investment optimize and streamline the operation?

The advanced analytics journey

- Inventory Diagnostic Tool.** ERP order level consumption & BOM production order data was ingested into our operations inventory optimizer engine to diagnose production orders and delivery performance
- Value Identification.** As a make-to-order business the options were limited, investing in stock given lead times and min order value was a nonstarter. Instead, the diagnostic identified a core set of components that could service the key Repeater A products that would service key customers with a well-defined operations strategy
- Actionable strategies.** Several scenarios and impact analyses highlighted how to improve operations, planning to deliver better service levels with minimum inventory investment.
 - ✓ Identified key components required to stock for regular cadence production
 - ✓ Improved production planning for key SKUs with fewer short runs and ad-hoc order behavior.
 - ✓ Small inventory investment in strategic DCs to improve CSL for key SKUs and shortened lead times
 - ✓ Identified and changed T&C's for more volatile order behavior
 - ✓ Identified suppliers to target for changes in min orders and lead times

The results journey

- Improved Operations & Production Planning.** Reduction in production inefficacies, less fire fighting and better cadence from improved planning
- CSL improvement** Significant reduction in lead times and OTD performance gains
- Investment** Optimized inventory investment needed to secure risk of customer churn where it mattered most while securing a more efficient make-to-order process for Repeaters and Strangers challenged SKU to transform operational efficiency

