

AUTOMOTIVE AND INDUSTRIAL



OPPORTUNITY

A leading industrial manufacturer's HVAC division was experiencing difficulties with an offsite warehouse. Inefficiencies and errors at the warehouse were negatively impacting manufacturing productivity. The company was forced to carry additional inventory as safety stock because it lacked confidence in the warehouse operation's performance. Additionally, their manufacturing plant needed to redeploy resources to oversee the warehouse operation and manage the incumbent 3PL.

SOLUTION

XPO assumed management of the 140,000 square foot warehouse. Our industrial engineers reviewed and documented all operational processes, and created work instructions and related training materials. We implemented our warehouse management system (WMS) to provide IT support for visibility, inventory management, receiving, shipping, order processing and reporting.

We conducted rigorous training to address the inventory accuracy and performance issues, and reconfigured the facility's capacity to increase storage density. The redesign allowed our client to decrease its leased space within the facility, significantly reducing overhead. We also integrated our WMS with our client's system to support all warehouse processes, providing the visibility and customized reporting that had previously been lacking. And we implemented a comprehensive program management approach that includes KPIs, a 7S program, employee training and monitoring, and our ISO-certified quality management system.

RESULTS

The manufacturer was able to reduce its raw materials inventory level by more than \$1 million, and the improved storage density led to additional cost savings. Equally as important, the company was able to retrieve its resources from the warehouse and return its focus to plant operations.

XPO has also increased the accuracy of materials delivered to the plant through WMS functionality, effective workforce training and better controls. These initiatives enabled our client to achieve industry-leading turnaround times and deliver on customer commitments.