

Ritchie & Associates

The Performance Improvement Consultants, Since 1967

Efficiency & Customer Service Go Hand in Hand

Client Profile:

The Company is a leading North American logistics provider delivering innovative supply chain solutions to their customers and offering total door-to-door logistics services. Their business involves managing all aspects of the temperature-controlled supply chain and is able to service virtually any customer need, from refrigerated warehousing to local, national and global distribution networks. They operate approximately 60 distribution centers across North America with a combined storage capacity of 255 million cubic feet.

Their facilities are equipped with government-inspected equipment to clean, sort, grade, package and freeze products such as chicken, fruit, and vegetables. Their Third Party Logistics Group designs, develops and deploys complex logistics solutions that create exceptional value for both manufacturers and retailers

The Need & Approach:

During initial meetings with their executive management team, Atlas requested Ritchie's assistance in addressing two key strategic areas:

- Improve their operating results with a focus on efficiency.
- Establish world-class management practices and standardize the management processes at each of their warehouse facilities.

Ritchie conducted a three-week no-fee Analysis at three of their facilities to determine the current performance and the existing management practices from Supervision to Warehouse Management. This included the examination of the Supervisory routine, the Daily and Weekly Reporting formats, data and performance indices, and their Corrective Action Process. Secondly, we quantified the potential gains and developed an Improvement Strategy and Proposal for the Executive Team's review. The decision was made to proceed with the project involving fifteen of their warehouse facilities

The Work & Results:

Working closely with the client's team, we achieved the following in the 15 facilities:

The custom design and implementation of a Labor Scheduling System for each functional area of the warehouse was a key element to improving efficiency and Customer Service. Staffing levels were determined by forecasting the Key Volume Indicators combined with Crewing Guides.

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This enabled management to better control the use of Labor and Overtime and had a significant impact on customer service. Management deployed labor hours throughout the shift to accommodate customer volume demands. The System also tracked Earned Hours by employee, thus allowing for productivity reporting on an individual basis. Operating impediments were identified, documented and compiled in Pareto Charts to allow a more focused and effective corrective action process.

Employee Process Improvement Teams were facilitated throughout the project and the 5 teams involved the following: Warehouse layout, Initiation of a 5-S Program, Non-Value Added Activities Assessment, Standards Review, and Causes of Lost Time and Barriers to improved Productivity. Throughout the entire project, Ritchie and the client Management Team involved the work force and the efforts of the teams were instrumental to the project's success. For example, 39 non-value added activities were identified and removed from the work practices.

Finally, a basis for developing an employee incentive program was established and implemented by linking corporate (financial & operational) objectives to the customer service and productivity performance in each facility.

The client realized annualized operating savings that yielded a 3.62: 1.0 Return on Investment.

"We now have the tools to properly schedule and staff the correct number of personnel we require in all of our warehouse facilities. In addition, we also have the ability to track, on a real-time basis, our current performance levels and quickly identify and rectify any "off schedule" areas in order to get us back on track." Ritchie has given us a big boost in efficiency as well as Customer Service.

Vice President, Business Integration & Effectiveness