

Manufacturing Internal Logistics Management

Five Benefits of a Best-in-Class Internal Logistics Management Approach



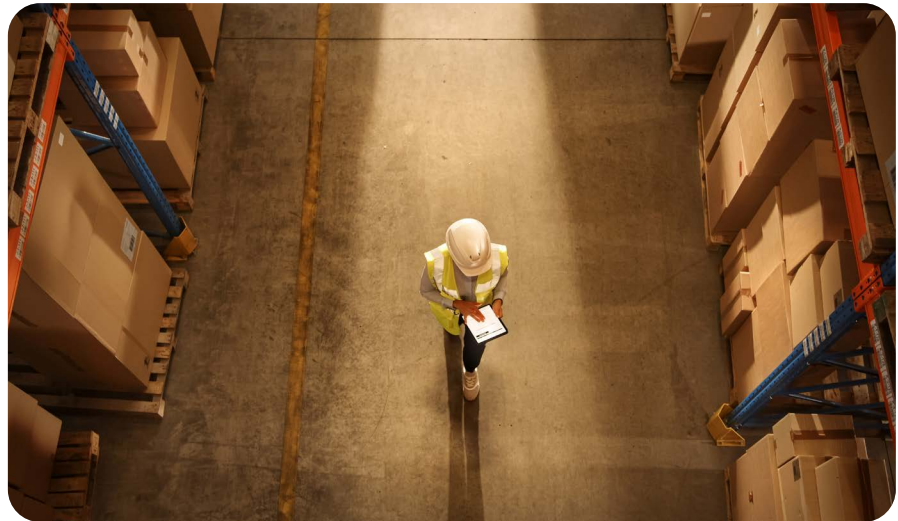
Here are the top wins manufacturers can expect when they look beyond temp agencies and third-party logistics options to find a partner that supports best-in-class management approach to optimizing internal logistics operations.

O utsourcing internal logistics management is a big decision that shouldn't be taken lightly. When a manufacturer or retailer decides to focus on core activities and allocate less energy, time and labor to fulfillment, it will often call on a temporary staffing firm or third-party logistics (3PL) provider for help.

In many cases, that manufacturer can only outsource part of its problems and is still accountable for maintaining performance standards, adhering to safety protocols, establishing proper procedures, and managing inventory.

“Many internal logistics operations are overwhelmed right now due to labor constraints, supply chain interruptions, lack of physical space, and other pain points,” says James Flora, solutions consultant, warehouse and distribution at Canon. “The same companies are having problems meeting deadlines, their service level agreements (SLAs) are slipping, and slowdowns in receiving, put-away and shipping pipelines are negatively impacting customer service.”

Canon takes these burdens off an internal logistics operator's plate and serves up the people, processes and technology that companies need to run their operations like a well-oiled machine. This helps companies look at their operations holistically to tackle current challenges and at their financial P&L to optimize and identify efficiencies.



Here are the five wins that companies can count on when they adopt these best-in-class internal logistics management strategies:

- 1 Improved labor management.** Manufacturing facility and logistics labor is hard to come by right now and in some cases, even harder to retain. The popularity of e-commerce and a constrained labor market have created an ongoing shortage of warehouse workers. To help manufacturers and distributors tackle these mounting challenges, Canon recruits, trains and provides career paths for manufacturing facility associates.

With effective labor management as part of its continuous improvement process, Canon is a valued partner that offers a total cost of ownership (TCO) that's far lower than what a temporary staffing firm or 3PL can deliver.

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— *Jeremy Wisdom, Canon*

“Our model not only provides more value in terms of recruiting and training workers, but it also maximizes the productivity and the efficiency of that personnel through training, process optimization and technology optimization,” says Jeremy Wisdom, senior solutions consultant, warehouse and distribution at Canon. “We help companies extract the most value from their existing labor forces while also managing increased demand, versus solving problems by adding more personnel.”

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By offering a holistic, permanent solution to manufacturing facility labor shortages, Canon helps companies build out employee-centric cultures and establish a foundation for long-term success, versus just providing temporary solutions to escalating problems.

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- 2 Process optimization.** After first addressing the areas of a manufacturing facility that are most in need of optimization, Canon then works toward making the entire, end-to-end operation a world-class facility—from top to bottom and all points in between.

At a high level, this involves analyzing the complete product journey as it's received at the dock, put into inventory, added to an order, packed, and shipped out the door. Canon breaks the various processes down, putting the right procedures in place to optimize those activities, establish quantifiable metrics for each, and then compares the operation with industry benchmarks and best practices.

From there, a Canon team implements quantifiable improvements that range from speeding up receiving to determining the time it takes to process receipts and optimizing storage capacity and filling orders faster. Canon combines these and other common metrics with those that are unique to each business that it works with.

- 3 Ensuring a culture of safety and compliance.**

Building a safety-first logistics culture has become table stakes for manufacturers, distributors, retailers, and other organizations that are balancing a labor shortage with high demand for their products.

Second only to construction on the U.S. Bureau of Labor and Statistics' list of industries with the highest number of fatal work injuries, warehousing and transportation requires a focused, dedicated approach to ensuring employee safety during the workday. Knowing this, Canon begins with an on-site assessment of the company's current safety culture, identifies potential hazards, addresses those issues, and then empowers employees to call out new problems as they emerge.

"Our team of safety experts practice this methodology on a daily basis while also ensuring that all workers go through safety training before setting foot on a customer's site," says Flora. "This ensures that they can operate both safely and efficiently as they move orders through fast-paced environments where there are a lot of moving vehicles and the potential for danger."

4 Enhanced inventory management and control.

It's one thing to have inventory data. However, being able to identify those goods quickly and efficiently when the operation calls for it is a completely different ballgame.

"It's about good inventory visibility combined with the identification, location and fulfillment of a product in a timely manner," says Wisdom. Take the multinational corporation that Canon recently worked with for example. The company was operating in a changing distribution environment and trying to manage internal logistics operations with inefficient processes.

Canon helped the company achieve high-volume production levels in its manufacturing facility, with a focus on optimizing technology and workflows. The Canon team implemented technology solutions that enhanced process efficiencies for picking parts used in the manufacturing process. This included integrating automated equipment and technology into the company's existing warehouse management system (WMS), which had a direct impact on communication with the company's enterprise resource planning (ERP) system.



"Our experts helped the company enhance the inventory control and pick process elements of the system. This included intelligent logic for automated putaway locations as well as restricting inventory access only to designated personnel. This significantly increased inventory accuracy (cycle counting) and improved efficiency by eliminating the need to take an annual physical inventory," says Flora.

He notes that the company used to halt physical production and material movement throughout the facility at specific times to allow employees to physically log inventory. "Eliminating this physical process generated significant time, resource and cost savings for our client," adds Flora.

5 Improved operational performance. It's common for companies to use external metrics to measure their own performance, with on-time deliveries, perfect orders and supplier accuracy among the most commonly used metrics. To help companies go deeper and further enhance operational performance, Canon advises them to put a brighter spotlight on internal logistics management performance.

That includes assessing safety incidents, employee performance, inventory turnover and other metrics that can have a significant impact on overall throughput and success. "External metrics get a lot of attention," says Flora, "but if you really want to improve operational performance, you have to take an introspective look as well."

By leveraging its extensive knowledge bank and internal logistics management expertise, Canon helps companies see beyond the external and drill down into what's going on within their four walls. Using those insights as a baseline, it helps organizations make the necessary adjustments to fine-tune their operations, manage their most pressing challenges and plan for future success.

"We understand the best practices, industry standards and benchmarking necessary to not just accept 'what has been,'" Wisdom adds, "but to also understand the bigger goals that we should be striving for."



IMPROVE PERFORMANCE, REDUCE COSTS, MINIMIZE RISK

As e-commerce continues to soar, demand for warehouse and fulfillment center space is expanding right along with it. Once viewed as storage facilities where goods were received, stored, and then shipped back out, today's manufacturing internal logistics operations are playing leading roles in the supply chain space.

Driven in part by the e-commerce boom, labor constraints and supply chain disruptions, more companies are assessing their fulfillment operations and searching for ways to improve performance, reduce costs and minimize risk.

A best-in-class internal logistics management approach helps companies reach all these goals, and more. "Starting with the onsite assessment, we're looking for anything and everything that will benefit the client—and not just the 'easy wins,'" Flora points out. "We assess the entire operation from top to bottom, identify areas of improvement and then create a solid business plan for improving the end-to-end internal logistics operation."

These improvements aren't easy to attain on your own, and no temporary staffing agency or 3PL—both of which are busy putting out their own daily fires—is going to volunteer to help. The company

that's been operating from the same facility for the last 15 years, and that probably only understands its own business and operations, needs a partner that will take a holistic, objective view of those operations.

"Anytime you bring in an outside partner—and particularly if that partner has worked with hundreds of different internal logistics operations—it allows you for benchmark processes," says Flora. "When we do a holistic assessment of an operation, it's not unusual for

the manufacturing facility manager to say, 'Oh, I can't believe I didn't notice that.' Other times, we're introducing managers to technology, processes, and/or systems that they've never even heard of."

Bottom line: The expertise, experience and objective viewpoint that the right partner can bring to the table are invaluable assets for internal logistics operations that look to not only survive, but to thrive, in the challenging days ahead.

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— James Flora, Canon

INTERNAL LOGISTICS MANAGEMENT FOR MANUFACTURERS

Canon is an integrated internal logistics management provider that offers a groundbreaking approach for manufacturers to optimize plant operations and performance. Our expertise spans improving workforce effectiveness at your location to optimize materials movement on the plant floor and manufacturing line, advancing the hiring and training of associates and delivering continuous improvement analytics and transparency for sound decision-making. This approach sets us apart from staffing agencies and 3PLs and enables your facility to achieve operational performance excellence. It all starts with an onsite business assessment and then advances to a comprehensive roadmap to take your operation to a higher level. Call us at 888-623-2668 to set up an onsite assessment today.

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Canon Business Process Services leverages advanced technologies and services to deliver agility, exceptional workplace experiences and improved business performance. We achieve these results by applying our workforce management capabilities, Six Sigma methodologies and implementation expertise. With professionals across the U.S. and in the Philippines, we have been named a Global Outsourcing 100 leader by IAOP for 18 straight years. Canon Business Process Services is a wholly owned subsidiary of Canon U.S.A., Inc. Learn more at cbps.canon.com and follow us on Twitter @CanonBPO.

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