



How an Internal Logistics Provider Reduced Costs and Improved Accuracy for an Automobile Manufacturer

In the margin-thin world of manufacturing, plant managers are under constant pressure to deliver improvements to upper management and hold down costs. One leading automotive manufacturer tapped Canon Business Process Services to drive change, innovate and deliver operational improvements. By taking advantage of Canon's wide range of managed services, the automaker saved \$750K while achieving virtually all its KPIs (99.7%).

The latest manufacturing plan gains are attributable to an enduring partnership between the automaker and Canon. Originally engaged for shipping and receiving services, Canon now provides a range of staffing, technology and information management services. These help the multinational vehicle manufacturer efficiently manage the flow of goods and materials within its prototype vehicles assembly plant and warehouse. An on-site Canon team supports [internal logistics operations with managed services](#) spanning to parts inventory management, parts inspection and precision measurement.

The auto manufacturer's unit leaders attribute ongoing success to a trusted, transparent working relationship in conjunction with Canon's expertise in staffing and cost-reduction solutions. The manufacturer's story of its success is borne out in the details of its partnership with Canon across multiple areas.

From temp-agency headaches to managed services peace of mind for those running the plant



Maintaining optimal staffing levels is a challenge for any manufacturer, but it is particularly difficult for cyclical businesses to maintain. Consequently, automakers often rely on temporary agencies for contingent staffing. Unfortunately, this can be costly in terms of markup, staff training, management burden and sub-par performance. For this automaker, costs in both time and dollars were exorbitant. Group leaders, for example, reviewed five or more resumes to identify a single candidate for consideration. Contending with high attrition rates and fierce competition for skilled workers, warehouse managers relied on multiple temporary-staffing agencies to meet recruitment demands — but often ended up spending all their time managing those contingent staff members and agencies.

To solve the problem, the client transitioned to a managed workforce services model in which Canon assumes all aspects of personnel screening, hiring, training and troubleshooting. Canon's onsite leadership, backed by a deep bench of experts, offloads the complex and time-consuming processes of maintaining a right-sized, quality workforce within the prototype fabrication department. The automaker benefits from:

- Canon's ability to attract and retain skilled workers via competitively aligned wages, career development and incentives
- A full complement of Canon-delivered training programs, including forklift, shipping and dangerous-goods certifications, to ensure a quality-minded, safety-conscious workforce
- Specialized staff training in tools and technologies (such as FaroArms and CATIA systems) for precision measurement and other highly skilled tasks
- Cross-trained, multifunctional staff that can transition between roles to prevent bottlenecks and maintain process flow
- Time-study data and other Six Sigma measures that have already led to a 50% reduction in headcount requirements

Offloading workforce management to the Canon team lets the automaker's group leaders consistently satisfy work requests and schedule requirements, avoid the costs of just-in-case overstaffing and attrition, and focus on higher-value, strategic tasks. The automaker now has access to Canon subject matter experts, certified Six Sigma black belt experts and human resources professionals to ensure that it can address fast-changing staffing requirements.

Expert-designed processes ensure the teams have the right skillsets and enable manufacturing precision

Operations directors and plant managers are constantly challenged to reduce costs and improve productivity. With a team that includes materials handlers, trainers and analysts, Canon helps streamline processes and procedures for areas critical to prototype vehicle fabrication. Canon's improved processes for parts inventory and inspection boosted the division's efficiency, as well as its accuracy in order picking and other tasks.

Parts for prototypes are often bespoke, almost always expensive (as much as \$1,000,000 for an engine prototype) and difficult to replace if damaged. Parts must meet strict standards, and many require precision measurements made in increments not detectable by the human eye. Errors can damage the brand in the marketplace, trigger recalls and potentially put customer safety at risk. Dedicated to providing requisite levels of accuracy and safety, the Canon-managed workforce helps the auto manufacturer minimize the potential for and costs associated with damaged parts and measurement errors.

While unit leaders manage tight schedules, they stress the importance of accuracy and quality over speed, particularly in relation to seat belts, air bags and other safety parts. Canon closely tracks performance against KPIs. The team has consistently achieved 99.7% of its targets, meeting robust safety, accuracy and productivity goals.

- Together with Canon, the client's prototype department has:
- Met all project and production schedules, avoiding missed-deadline costs such as idle testing grounds
- Taken advantage of Six Sigma Kaizen events for brainstorming and identification of improvement opportunities, including purchase of a box truck to eliminate \$80K in annual third-party trucking costs for interfacility parts transport

- Reduced repetitive data entry to, for example, shrink an inspector's workload by 60%
- Automated routine tasks such as inspection notifications and package counting
- Achieved unexpected, substantial savings by eliminating redundant processes and unnecessary steps such as the manila-tagging of items already labeled for international shipping

Thanks to its partnership with Canon Business Process Services, the manufacturer has achieved that rare balance of reducing costs significantly while improving quality and productivity — a balance that Canon's managed services can extend to any manufacturing enterprise looking to solve complex logistics challenges in warehouse staffing, inventory management and process efficiency.

[Watch the video](#) to learn more about this customer engagement. For information about Canon's portfolio of managed services for manufacturers, [contact a solutions analyst](#).

About Canon Business Process Services

Canon Business Process Services leverages advanced technologies and solutions 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 US 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](https://twitter.com/CanonBPO).