

## Outsource or Temp Agencies?

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Balancing outsourced and in-house resources to achieve higher performance and greater efficiency



Here are five questions that growing organizations should be asking themselves as they work through the current supply chain challenges and begin to plan for the future.

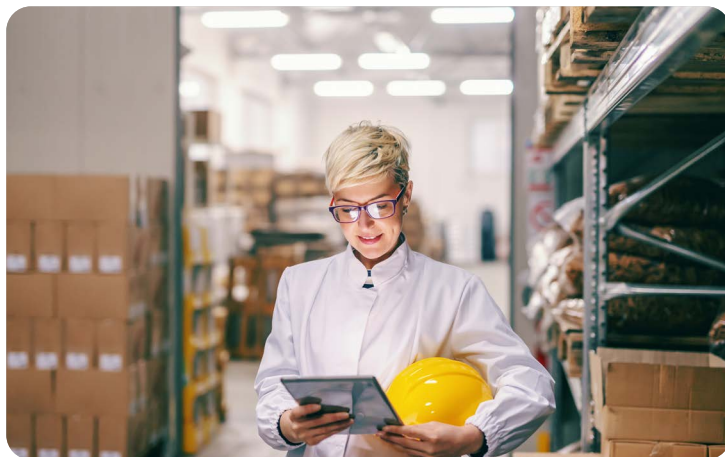
**S**upply chain disruptions, labor challenges, rising costs, economic volatility and geopolitical crises are just some of the issues that continue to impact businesses.

The labor shortage is a particularly big sticking point for advanced manufacturers, pharmaceutical firms, healthcare organizations and other large entities that are trying to balance fewer internal resources with high demand for their products and services.

To find the right balance, more companies are turning to outside partners that can provide the people, processes and technology to run a successful material movement operation. This allows the company to focus on what it does best—growing its business—while a reliable partner manages the organization’s complex blend of operations, labor, workflow and automation.

“The level of complexity and specialization of the logistics operation and its material movement solution have both grown significantly over the last decade,” says Jeremy Wisdom, senior internal logistics solution consultant at Canon. “Companies realize that there are significant costs associated with an in-house logistics operation, and that it’s truly more of a ‘specialized service’ they may be unable to effectively manage.”

The good news is that there are expert-level resources available to step in and help. Here are five questions that will help you determine whether it’s time to explore new options:



**1 Do we want to retain some level of physical onsite control of the internal logistics process?**

Some companies outsource their fulfillment and transportation to third-party logistics providers (3PLs), while others may retain more control by using temp staffing agencies to fill in as needed.

A hospital or advanced manufacturing plant that wants to keep its inventory onsite, for example, may turn to one or more temp agencies as a first option when order volumes increase and there aren't enough hands on deck to manage the increased flow. Another organization may offload the work to an offsite partner.

These decisions are important because handing control over to an offsite 3PL or bringing in a revolving door of new employees may introduce an entirely new set of problems. By working with a partner that offers onsite managed services, companies can achieve their labor, workflow and automation management targets without relinquishing too much control to that third party.

"Having a partner onsite that is integrated with the company's vision," says Wisdom, "and that allows the company to maintain control over the result and the outcome—ensuring that it aligns with the overall vision—is a critical consideration for many organizations."



**2 Is our product or service complex enough to warrant a dedicated provider?**

In the modern world, logistics touches every aspect of a business' operations. Marketing departments have materials that need to be moved; IT departments are always ordering new computers and devices; and repair departments need parts to keep the machines running.

With the exception of the very small operation with a very low SKU count, any company that's moving inventory, making products, fulfilling orders and managing teams can benefit from working with a dedicated provider.

"As organizations grow in complexity, increase their SKU counts, work with more suppliers and manage rapidly-changing deadlines and requirements," says James Flora, senior solutions consultant, warehouse & logistics at Canon, "they should really explore having a dedicated provider, that understands logistics and all of the related equipment, technology, people and best practices and processes that go into it."

**3 Do we have the appropriate, experienced support resources on our team?**

Most companies' safety managers, subject matter experts (SMEs) and/or Six Sigma Black Belts operate across multiple locations—if they have them at all.

Their time, which is valuable and vital to the organization's success, is often spread across these various, geographically-dispersed facilities to maximize the benefit of their position. "These are typically corporate resources that span multiple facilities and handle pivotal moments when a specialty discipline is needed," says Flora.

As a result, it doesn't make sense for every company to invest in these support resources. For example, a company with just one or two smaller warehouses may not invest in a full-time safety manager. Some will hire a consultant at a premium hourly rate, while others will partner with a company that maintains extensive support resources in-house and provides them on an as-needed basis.

The key point is that you can gain access to these valuable resources when needed, by teaming with a partner like Canon. This approach can be more cost effective than hiring in-house staff, or paying premium fees to consultants.





**4 Are there hidden costs in our current model?**

High employee turnover, potential insurance risks and too many errors can all eat away at a company's bottom line profitability. In to-day's market, these and other hidden costs are beginning to come to the forefront for many manufacturing plants, where employee turnover can be as high as 50% in some cases.

"Companies are allocating a tremendous amount of resources to hiring and training," says Wisdom. "Then the process repeats itself when the employee leaves."

Companies operating in constant "training mode" also experience higher error rates, productivity issues and lower operational efficiency. These problems lead to even more hidden costs, including the higher insurance prices that come into play when temp employees can't be trained fast enough to operate safely, efficiently and consistently.

"Unless companies can create a model that stabilizes the workforce and these other variables," says Wisdom, "they will have to continue absorbing these hidden costs."



**5 Is our benefits, recruiting, and training structure positioned to support the management of logistics professionals?**

Advanced manufacturing, pharmaceutical and healthcare companies, plus those with large corporate campuses, are often hyper-focused on very complex products or services that require intricate logistics and material movement.

For optimal results, these organizations' benefits, recruiting, training, and management structure must be designed to support those products and services. A hospital may hire recruiters that specialize in the medical industry, for example, but don't have experience finding, recruiting and hiring logistics professionals.

"Some of the support resources tend to take a backseat and perhaps rightfully so when you're focused on making sure your hospital is staffed with enough doctors and nurses," Flora explains. "And for obvious reasons, when logistics is structured as a secondary priority it can put all material movement at risk.

That's where a partner like Canon—with its own hyper-focus on internal logistics, recruiting, training and support services—steps in to help. "You can either be a Jack-of-all-trades or be hyper-focused on one industry-leading product or service," says Flora. "With the latter, the best option is to partner with the right companies to fill in the complete puzzle."



### **A game-changer for a challenging marketplace**

As supply chain disruptions, labor shortages, rising costs and other uncertainties persist, companies can only be so reactive in the environment they're operating in. And while technology and automation can help companies fill some of the voids left by the lack of available labor, smart organizations are working with reliable managed services partners that allow them to maintain control while also providing high levels of support.

Organizations that are hyper-focused on complex products and services have a particularly high need for this type of support right now. With the help of a partner that brings continuous improvement and lean initiatives to the table, organizations can tackle their current challenges, prepare for emerging roadblocks and plan for future success.

The longer a company waits to make this move in today's volatile business environment, the more unnecessary risks it may incur. Whether those risks are related to insurance, errors or higher operational costs—or a combination of all three—they can all significantly impact the organizational bottom line.

By allowing companies to focus on their core operations, and by aligning with its customers' visions, goals and missions, Canon implements the best practices of logistics and material movement in a way that benefits the entire organization.

This expands what the typical 3PL or temp agency can offer and provides an onsite, tailored service with fully dedicated integration across all aspects of a logistics operation, including people, processes and technology.

"Our model is different because we take the time to listen, get to know our customers and come up with solutions to their specific needs," says Flora. "We know companies don't want the cookie cutter approach, and that they need someone who will listen and build custom solutions for them. This makes Canon's service a game-changer for the marketplace."

## IMPROVE YOUR PLANT'S PERFORMANCE WITH CANON

Canon is an integrated materials and logistics services provider that offers a groundbreaking approach to optimizing your manufacturing facility performance. Our expertise in acquiring and retaining manufacturing logistics associates, optimizing technology, and managing a tailored onsite solution to improve efficiency is unparalleled. This approach sets us apart from staffing agencies and 3PLs and enables us to deliver 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.

## ABOUT CANON BUSINESS PROCESS SERVICES

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## CONTACT US

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