CONSULTING CASE STUDY

Driving Cost Reduction and Service Excellence

Case Study: End-to-End Supply Chain Optimization Program

Specialization: Supply Chain

Client Background

A regional **logistics and distribution company** serving the energy sector. The company operates warehouses, manages complex inventory, coordinates transportation, and provides value-added services to oil and gas operators.

Challenge

- **Cost Pressure:** Customers demanding price reductions while input costs rising
- **Operational Inefficiency:** Warehouse and transportation at suboptimal productivity
- **Inventory Management:** Excess inventory in some locations, stock-outs in others
- **Lack of Visibility:** No standardized metrics or reporting
- **Process Inconsistency:** Each location operated differently
- **Customer Service Gaps:** Inconsistent delivery performance
- **Safety Concerns:** Rising incident rates

FlexTek Phased Approach

Phase 1: Assessment & Strategic Roadmap
FlexTek supply chain consultants conducted comprehensive operational assessment:

- Operational Deep Dives at multiple locations observing warehouse and transportation
- Data Analysis to identify productivity gaps and cost drivers
- Process Mapping from customer order through fulfillment
- Benchmarking against industry best practices
- Stakeholder Interviews with managers and frontline workers
- Cost Analysis building detailed profitability models
- Safety Assessment reviewing incidents and practices

Key Deliverables: Current State Assessment, Opportunity Analysis, Strategic Roadmap with 5 workstreams, Business case projecting $2.5M annual savings.

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Phase 2: Execution

Our consultant led end-to-end integration across people, processes, systems, and data:

1. **Productivity Excellence:**
   - Redesigned warehouse layouts to minimize travel time
   - Implemented labor standards and productivity tracking
   - Introduced lean principles
   - Optimized route planning and scheduling
2. **Cost Optimization:**
   - Conducted spend analysis
   - Negotiated better vendor rates
   - Implemented inventory optimization
   - Consolidated transportation routes
3. **Service Improvement:**
   - Implemented order accuracy controls
   - Established on-time delivery tracking
   - Created customer communication protocols
   - Developed service level agreements
4. **Safety & Compliance:**
   - Standardized safety protocols
   - Conducted safety training programs
   - Implemented near-miss reporting
   - Enhanced equipment maintenance

Outcome

- **Cost Reduction:** Achieved $2.8M in annual cost *savings* (exceeding $2.5M target)
- **Productivity:** 28% improvement in warehouse cases per hour; 22% improvement in delivery stops per hour
- **Service Excellence:** On-time delivery improved from 78% to 94%; order accuracy from 92% to 99%
- **Inventory Optimization:** Reduced carrying costs by $450K
- **Safety:** Reduced Total Recordable Injury Rate by 40%
- **Customer Satisfaction**: Net Promoter Score increased by 25 points
- **Cultural Shift:** Transformed to proactive continuous improvement culture
- **Competitive Advantage:** Cost position enabled winning new contracts

Key Takeaways

- **Comprehensive Approach:** Addressing people, process, and technology holistically
- **Hands-On Engagement:** Consultants work on the floor with operations teams
- **Data-Driven:** Decisions grounded in operational data and rigorous analysis
- **Quick Wins + Long-term:** Balanced immediate improvements with strategic initiatives

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