

Case Study

Integrating the Supply Chain

WorkOut

Aligning Your Organization for Change

Situation

A Fortune 50 Corporation was in distress due to a very lengthy demand-supply cycle of 60 days. By the time demand was forecast, actual demand had often changed dramatically. In fact, the “reported demand”—the forecasted demand figure that drove “build orders”—lagged actual market demand by 3 months. Such inaccuracies created an extraordinary inventory burden for the company, its suppliers and, ultimately, the CFO.

Solution

Diligent Innovations designed a WorkOut for the Supply Chain GM and opened the session to all the key stakeholders. The first WorkOut was able to decrease the cycle from 60 to 40 days, and the second from 40 to 20 days.

Though a remarkable accomplishment, one year after the change, continuous monitoring of the situation revealed that the competition was completing the cycle within 5 days. The GM continued to work with Diligent and sponsored several more sessions to outperform the competition. The company improved to the point where over half of the company reported demand on a weekly basis. The other half was on line within one year.

Results: Savings of \$1.8M per Quarter

For the first time, the “reported demand” was within the same calendar month as the actual demand. We achieved the 20-day target, and succeeded in stabilizing the cycle at that level. This resulted in cost-savings of \$1.8 million per quarter in inventory costs alone.



DILIGENT
Innovations

2776 South Arlington Mill Dr. #520
Arlington, VA 22206
Phone: 571-926-5424
info@diligentinnovations.com
www.DiligentInnovations.com