



DSC LOGISTICS

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JoAnn Lilek,
CFO, DSC Logistics

The Customer

DSC Logistics is a third party logistics provider with national presence across the United States. In business for 46 years, DSC operates 24 logistics centers totaling 11 million square feet of space supporting customers in the consumer packaged goods, electronics and healthcare industries.

DSC's corporate mission is to help its customers to achieve their business goals by better managing change and information in the supply chain.

The Challenge

Competition is extremely high in the third party logistics (3PL) industry. Price and customer service are often the key factors in securing and maintaining business relationships. With about 2,000 employees, DSC saw in their labor force an opportunity to improve in both of these areas.

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CFO for DSC



Engineered best practices and labor standards make performance measurement as fair as possible and an excellent tool to evaluate workers and uncover bottlenecks.

The Solution

RedPrairie provided a comprehensive Workforce Management solution consisting of engineered best practices and standards, change management consulting, and advanced labor management software for real-time performance monitoring and reporting.

Because tight competition in the 3PL industry keeps prices in check, service is often the main differentiator. DSC Logistics recognized this long ago and has succeeded by partnering with its customers to help them reach their goals.

"One of the things we focus on is making sure we do the right work in a way that is most effective and efficient for our customers," says Cheryl Tibus, vice president of human & organizational effectiveness for DSC. "We are a process-focused organization, and we felt implementing a workforce management solution would make our workforce more productive and more accountable. This would result in delivering better service to our customers."

JoAnn Lilek, CFO for DSC, concurs, "The system has helped us in three areas. It makes employees selfaccountable for achieving their work goals. It taught our managers how to manage people to a set of objectives. And it allows us to manage the daily work better for our customers. We have been able to really step it up a level in terms of our process consistency and process focus."

Just as DSC partners with its customers to achieve objectives, DSC was looking for a workforce management vendor to partner with to reach their workforce improvement goals. They looked at a wide range of providers before narrowing it down to two companies.

"There were two things that were important to us," explains Tibus. "One was we wanted to ensure we would have the technology that would deliver the results we were looking for. The other equally important factor was making sure we had a fit between our companies, that we really had a partnership."

To accomplish this, DSC conducted a series of activities with the two competitors, including a conference room pilot where they could study the functionality and learn how it would integrate with their other systems. These activities also helped DSC get to know the people and make sure there was a fit on both dimensions.

Comments Lilek, "One of the ways RedPrairie really stood out for me was how well they understood our business. That is a dimension that is very, very important, but sometimes hard to get."

DSC selected RedPrairie's Workforce Management solution and went live with the first site in October 2005 at its McDonough, Georgia (Atlanta) distribution center.

"Atlanta was one of our best sites," says Tibus. "With RedPrairie's counsel, we chose that site because it was already operating well. We were very surprised and happy to achieve up to 20 percent cost savings."

Tibus continues, "I think there is a strong partnership between DSC and RedPrairie. We both have the end game in mind and are looking to achieve the same goals in our success. While there have been a few bumps along the way, we have been able to talk it through and make sure it is a win-win situation for both organizations."

Prior to implementing the Workforce Management solution, the Atlanta facility was measuring productivity on a cases per hour basis. But with multiple customers with widely varying products supported in the facility, this produced measurements that were not as comprehensive or consistent as DSC would have liked.

Sam Boyle, facility manager, explains, "During a day we pick everything from 300-lb. bins to surgical caps that weigh four or five pounds per case." Obviously a case per hour measurement will not account for the variation in effort for these tasks.

Engineered best practices (also known as preferred methods) and labor standards take these and other variations, such as travel distances, equipment used, and fatigue factors, into account when calculating goal times for each task. This makes performance measurement as fair as possible for the employees and provides an excellent tool for supervisors to use in evaluating workers and uncovering bottlenecks.

DSC uses this performance measurement data and the realtime reporting capabilities of the system in three ways. During each shift, managers monitor progress against the day's workload and can shift workers around if an area falls behind. This ensures orders are shipped on time.

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Cheryl Tibus,
Vice President of Human & Organizational Effectiveness, DSC.

Performance information is shared with the employees at least once per day, allowing them to gauge how they are doing. This sets up friendly competition as well as prepares them for the eagerly anticipated incentive program DSC intends to implement soon.

Also, by knowing through engineered standards how long each task should take, DSC can accurately predict how long a given set of orders will take to fulfill, including any value-added services. This can be used to schedule resources as well as to precisely bid on new business.

These capabilities are producing tangible results. "When I compare our performance against historical reports, we're already seeing an increase in throughput per labor hour and a significant payroll savings," says Boyle.

Adds Tibus, "Part of the benefit is getting our arms around how much labor it should really take, because the biggest cost for our business is the labor piece. At the end of the day, we maximize those labor dollars by having the right people scheduled to meet our customers' needs."

From a CFO's point of view, Lilek sees Workforce Management as a way to improve both top line and bottom line results. "We can better identify cost-saving measures that help us win new business and at the same time ensure the right number of people are working in operations every day to maximize efficiency."

The Results

- Achieved up to 20% improvement in labor utilization
- Rose to 100% of performance standards in 6-8 weeks
- Enabled employees to manage their own work to meet objectives
- Can better identify cost-saving measures for customer proposals
- Provided foundation for incentive pay program important, but sometimes hard to get.

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