

# A TIC in the right box

Supply Management Awards 2007 CATEGORY Best process improvement initiative  
WINNER Fujitsu Services

By using lean operational controls, Fujitsu Services made big cost savings and created a more involved workforce.  
By Geraint John

**Running a large warehouse operation efficiently is no easy task, especially when you not only have to receive goods, store them and ship them out, but also customise them on site and dispose of them at the end of their useful life. And when you are dealing with tens of thousands of units every week, it doesn't take much for things to go badly wrong.**

That was the situation that Fujitsu Services was in at the beginning of 2006. Its technical integration centre (TIC) in Warrington, which configures and distributes computer equipment to government departments, retailers and banks around the UK, was in a mess: on-time delivery had fallen to 95 per cent; more than 4 per cent of orders were incorrectly picked; supplier non-conformance was running at 10 per cent; returns were 0.7 per cent by value against a target of 0.2 per cent; and heavy stockpiling meant offsite storage had to be used to handle the overspill.

Broken processes were also having a negative effect on morale, with absenteeism at 14 per cent. "Our reputation of being 'difficult to deal with' made us an easy target for criticism," says head of logistics Paul Fraser, who manages the TIC.

To address the problem, Fraser and his supply chain team set about reorganising the operation and introducing lean management practices. Their aim was to simplify and speed up processes, remove waste and duplication and improve order accuracy, as well as change the culture to one where staff would take responsibility for improvements in performance.

Over four months, a consultation exercise took place with

business units to identify customer requirements. Staff with experience of lean practices, both within Fujitsu and at other firms, were tapped for their knowledge.

This led to a transformation plan under the banner of "The TIC Way". The warehouse was reorganised round work teams, "visual management" tools (charts to record and monitor performance) were introduced, and training and personal development was undertaken among the 130-strong staff.

A year on and a cluttered, chaotic site has been transformed into a tidy and well disciplined one where, according to Fraser, staff communicate more and are enthusiastic about suggesting ideas. By the end of March 2007, productivity had improved by 23 per cent, absence was down to less than 3 per cent, customer satisfaction was up 7.3 per cent, throughput was 10 per cent higher and almost 14 per cent cost savings had been achieved on the TIC's £12.6 million annual budget.

Fraser says: "Winning this award has helped us. There is a real sense of pride and excitement that our efforts have been recognised externally."

*'Taken from Supply Management magazine, archived article, Oct 2007'*