



UTi

“Workforce Management is a competitive advantage for us, helping us gain additional business. It brings credibility to our claims of reduced customer costs.”

Steve Sargunaraj,
Global Contract Logistics Process Manager, UTi

The Customer

UTi is a broad-based, supply chain company offering a wide range of global integrated logistics to their worldwide customer base. They offer value-added warehousing; transportation management, including trucking, ocean and air; manufacturing support; freight forwarding; customs brokering; contract logistics and other services. UTi's vision is to deliver competitive advantage to each customer's global supply chain.

The Challenge

UTi's Integrated Logistics team provides end-to-end supply chain solutions through dedicated and public warehouses, with a proven track record of reducing customer costs. With labor expense representing 65-70 percent of operations cost, UTi management understood continued cost reduction could only be realized through more efficient use of the workforce. Notes Steve Sargunraj, Global Contract Logistics Process Manager, "There is only so much you can do with traditional means. We had to find better tools to help our managers be more effective."

"RedPrairie's approach was very collaborative. They explained exactly what the solution was and what it could do for us. This gave us a compelling picture of the potential results."

Steve Sargunraj,
Global Contract Logistics Process Manager, UTi



The Solution

RedPrairie provided a comprehensive Workforce Management solution, including engineered best practices and standards, change management consulting and the industry's most advanced labor management software.

The Charleston, SC distribution center, a dedicated tier one automotive supplier, was the first UTi facility to implement RedPrairie's Workforce Management solution. Prior to implementing the solution, there was limited ability to measure individual performance.

"We used historical units per hour in the finished goods area and also observed workloads. But we lacked the sophisticated tools RedPrairie provides," says Sargunraj.

UTi recognized the opportunity that better managing their workforce could provide. Notes Sargunraj, "With so much of our operating costs tied up in labor, any improvements in labor productivity would impact both UTi's and our customers' bottom lines."

UTi evaluated several vendors using a sophisticated decision matrix to weigh factors such as functionality, integration capabilities, customer service, industrial engineering expertise, reporting, alerts, activity-based costing and price.

RedPrairie came out on top in the decision matrix, but the reasons most cited by UTi management for RedPrairie's selection had more to do with intangibles.

"We had a comfort level with the team from RedPrairie. They have more experience and we felt this would translate to ease of implementation. We did not want the project to drag out over several months." Sargunraj continues, "RedPrairie's approach was very collaborative. They explained exactly what the solution was and what it could do for us. This gave us a compelling picture of the potential results."

The UTi project plan calls for implementation in three pilot sites in anticipation of further rollouts. The sites were chosen because they represented differing distribution challenges.

Charleston was selected as the first site due to its proximity to the Integrated Logistics' Columbia, SC headquarters, and because its automotive customer was looking for ways to improve profitability. The facility began ramping up the solution in the fall of 2005 and went live with all departments on January 1, 2006.

The second site is a dedicated facility in Virginia serving a Fortune 100 paper company. This customer is likewise looking to improve profitability and is consolidating DCs run by multiple logistics providers.

Says Sargunraj, "We feel the Workforce Management solution will give us a competitive advantage when the customer selects who will run the consolidated DCs."

The third site will go live in an international location outside the US. This site will be selected based on headcount and cost of labor considerations.

UTi found implementing the Workforce Management solution offered benefits in several areas. First, it provides the individual accountability for associates and supervisors the company was seeking. They now have objective real-time data on which to evaluate performance.

"The system helps leaders to identify the supervisors and associates who are marginal performers," states Sargunraj. "Managers now have to manage tighter because we have better visibility to results. For example, why does their group have so much non-productive time?"

The second benefit is better tools and data to help managers improve how they manage.

Observation and follow-up is the meat of the whole thing," says Sargunraj. "With best practices in place and objective performance data, supervisors can coach each associate up to their goal."

Having best practices and performance standards also enables better labor planning. Sargunraj notes, for example, "We use to have four people assigned to the receiving area. Analyzing the work with the new system showed we actually only needed two people."

A third area of benefit is in customer service. Reducing labor expense is an integral part of UTi's attempt to reduce customer costs each year. But beyond that, it also helps in securing new business.

"When we bid on additional business, customers want to know how many people the operation will take and how we will get the cost savings. The solution gives us credibility, providing a competitive advantage over the other providers," explains Sargunraj.

The final area of benefit is labor cost reduction. "Our goal was to increase productivity 10-15 percent," says Sargunraj. "The savings have more than offset the cost. We were able to reduce our headcount by 10 FTEs, mostly through attrition. That is driving savings of \$300,000 per year in this supply chain."

The Integrated Logistics team at UTi is driving real savings to their bottom line and the bottom lines of their customers through Workforce Management. They are accomplishing this through better visibility, accountability and coaching of their workforce. Many companies talk about their workforces being their most important asset. UTi is actually doing something about it.

The Results

- 18% labor reduction
- Investment payback in less than one year
- Improved management effectiveness through better tools and data
- Individual accountability of associates and managers
- Improved labor resource planning
- Credibility and competitive advantage with customers

For more information

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