



DSC LOGISTICS

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Jim Chamberlain,
Director of Engineering, DSC Logistics

The Customer

DSC Logistics is a leader in supply chain management, with national presence across the United States. In business for 50 years, DSC operates 37 Logistics Centers, totaling 17 million square feet, to support customers in the food & beverage, grocery, healthcare, consumer packaged goods, and electronics industries.

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

The Challenge

Competition is extremely high in the 3PL industry. Price and customer service have traditionally been the major factors in securing and maintaining business relationships, but DSC also wanted to provide greater value to its customers by acting as a strategic partner, as well as a tactical one, by providing knowledge-based services that would

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take each client where they normally couldn't go on their own. With about 2,000 employees, DSC saw their labor force as an opportunity to improve in both strategic and tactical services – specifically, the company wanted to improve quality, accuracy, employee retention, and productivity.

Jim Chamberlain, DSC's Director of Engineering says, "We knew that by improving our employee best practices, we could not only lower supply chain costs for our customers, but improve service. The real challenge was moving beyond the traditional, which involved providing clients with new ways to enhance their business processes as a whole."

The Solution

RedPrairie provided a comprehensive Workforce Management solution, allowing for real-time performance monitoring and reporting, while DSC dovetailed engineering best practices, dynamic standards, and a change management process.

Because tight competition in the 3PL industry keeps costs in check, service and business intelligence are often the main differentiators. 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," remarks Tracey White, Director, Process Improvement & Training for DSC. "We are a process-focused organization, and we felt implementing a workforce management solution would make our employees more productive and share in our success. This would also result in delivering better service to our customers."

Chamberlain concurs, "The system has helped us in a number of areas. For one, it makes employees accountable for achieving their work goals. The data has allowed our managers to manage employees to a set of objectives. And it allows us to manage the daily work better for our customers."

Just as DSC partners with its customers to achieve their goals, the company was looking for a workforce

management vendor to partner with that would help it reach its workforce improvement goals. The company looked at a wide range of providers before narrowing it down to two companies.

“There were two things that were important to us,” explains Ken Heller, Vice President, Supply Chain Excellence. “The first was knowing we had 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 other systems. These activities also helped DSC get to know the people and make sure there was a fit on both dimensions.

DSC selected RedPrairie’s Workforce Management solution and went live with the first site in October 2005 at its McDonough, Ga. distribution center near Atlanta.

“Atlanta was one of our best sites,” says Chamberlain. “DSC chose that site because it was already operating well. We were confident and happy to achieve over 20 percent cost savings.”

Chamberlain continues, “I think there is a strong partnership between DSC and RedPrairie. We both have the end customer in mind and are looking to achieve the same goals. While there have been a few bumps along the way, we have been able to work through them.”

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

Chamberlain explains, “During a day, we pick everything from 300-pound bins, to surgical caps

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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.”

DSC painstakingly developed detailed engineered best practices – also known as preferred methods – and labor standards, which took these and other variations such as travel distances, equipment used, and fatigue factors into account when calculating goal times for each task. DSC also had a number of special handling practices the solution had to manage, that were very specific to the activities on each specific order. All of these issues were taken into account when calculating goal times for each task, making performance measurement as fair as possible for employees, while providing an excellent tool for supervisors to use in evaluating workers. DSC was able to uncover bottlenecks, and continue delivering the required performance and service to their customers.

DSC uses this performance measurement data and the real-time reporting capabilities of the system in three ways: First, managers during each shift monitor progress against the day’s workload, and can shift workers around if necessary. This ensures DSC remains flexible and orders are shipped on time.

Second, performance information is shared with the employees at least once per day, allowing them to gauge how they are doing. This set up friendly competition, and prepared them for the incentive program DSC implemented in 2006, which eventually allowed the company to pay back a percentage of savings from the solution to employees that exceed standards.

“As a whole, we felt Workforce Management helped to empower and engage employees more than they had been previously, because they realized that they were getting rewarded,” says Chamberlain.

Also, the data from the system, coupled with DSC’s differentiated customer base, allows for efficient modeling. DSC can then more quickly and accurately bid on potential new business. The results have been tangible for both DSC and their new customers.

“When I compare our performance against historical reports, we’re seeing a 20-plus percent increase in throughput per labor hour, with a matched amount of payroll savings,” says Chamberlain. “Part of the benefit is getting our arms around how much labor it should really take, because the biggest cost in our industry is labor. At the end of the day, we optimize labor costs by having the right people to meet our customers’ needs.”

All in all, DSC has been able to leverage RedPrairie Workforce Management for a broad range of benefits that also include better confidence in operational metrics, improvements in budgeting process, and enhanced communication between corporate and field employees. In addition, the

solution has also helped the organization understand the importance of trainees and turnover in profitability, which enabled DSC to implement a new on-boarding program focused on the new employee experience.

From a controller’s point of view, David Copeland, Vice President, Finance and Controller 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 numbers of people are working in operations every day to maximize efficiency.”

The Result

- Over 20 percent improvement in labor utilization
- Improved onboarding of new employees
- Enabled employees to manage their own work to meet objectives
- Can better identify cost-saving initiatives
- Implemented incentive pay program, and created an employee culture of excellence
- Effective implementation of the labor management program in extremely complex work environments

For more information

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