



FIDELITONE™

SUPPLY CHAIN SUCCESS STORY

SERVICE PARTS MANAGEMENT- DELIVERING ON BRAND EXPERIENCE

worldwide tool manufacturer improves fill rate to over 96% and reduces inventory by 25%

AT A GLANCE

Company: Worldwide Tool Manufacturer

Industry: Power Tools

Key Challenge: Global parts management and service center fill rates

Solution: Complete outsourcing of service parts management: inventory forecasting, vendor management, global sourcing and facility management

Outcomes:

- First day fill rate went **from 88% to 96%**
- Inventory levels were reduced **by 25%**
- As repair volume grew, FTEs and space requirements remained unchanged

"To meet our first-day fill rate and customers' brand experience expectations required worldwide parts supply management expertise that is the hallmark of firms at the level of FIDELITONE."

Director of Product Services

Background

You don't get to be the worldwide leader in power tools without delivering on the promise of your brand, a promise that goes well beyond the sale. Product development, improvements, innovation and marketing are the lifeblood of manufacturing, but service after the sale, especially as it relates to repairs, can make or break a brand. This client's global business was rapidly expanding through organic growth and acquisitions. Some of its original parts manufacturers were following the trend of moving their manufacturing overseas. These contributing factors made it harder to maintain the excellent brand experience that customers had come to expect when seeking repairs.

KEY CHALLENGE

With more than 1,300 vendors and fabricators, this client wanted to ensure timely and cost effective repairs while also dealing with the ever increasing complexities of procurement, importing and distribution. Retailers and their customers, often professional contractors, deserved the support for which the brand has always been known. Managing more than 54,000 SKUs and the repair demands of 90 service centers called for the expertise of seasoned supply chain management experts.

As this manufacturer added acquisitions, it became harder to account for the expanding list of repair parts. The complexity of scale and logistics were now more challenging than ever. As an example, there were more than 170 shipping points in Latin America alone. Parts demand was coming from three channels: 50% from OEM service centers, 30% from overseas markets and 20% from their national repair providers/retailers.

SOLUTION

FIDELITONE was awarded full responsibility for world-wide procurement, importing, stocking and shipping of the manufacturer's service parts needs. Direct shipment of parts to customers was implemented immediately. Bilingual CSRs were assigned to both the procurement and distribution teams to ensure a smooth transition and eliminate any language barriers. Even though the business doubled in size over the years, FIDELITONE managed to hold the head count and square footage in check. Because FIDELITONE took over operations of the client's existing warehouse facilities, there was a smooth transition and virtually no interruption in service for customers.

On the SKU level, minimum order values (MOVs) and minimum order quantities (MOQs) were established to optimize dollar values and inventory on hand. FIDELITONE employed a multi-dimensional inventory forecasting model that factors in seasonality and peak demand periods over a two-year period to determine these key values and maintain operations at optimal performance.

FIRST DAY FILL RATES



FIDELITONE™

EARNING CUSTOMER LOYALTY

OUTCOMES

As a result of direct shipping and inventory forecasting, first day fill rates improved from 88% to 96% within the first year of operation. FIDELITONE's solution included the processing of multiple order cycles each day to expedite shipments and ensure timely deliveries.

In addition to improving service levels, the value of the inventory fell from \$8 million to \$6 million even while annual parts sales grew from \$60 million to more than \$100 million over the life of the program. With FIDELITONE's inventory management expertise, on-hand inventory was optimized, reducing inventory obsolescence.

Many of the other complexities of inventory and vendor management, such as minimum order quantities, set-up fees, tooling, last time buys (LTBs) and currency exchange rates were taken off the shoulders of the client. The import/export customs responsibilities were also transferred to FIDELITONE, further reducing complexity for the client.

During the transition, the client experienced no disruption in service because FIDELITONE was able to move right into the client's facilities, rebadge the employees and make the necessary adjustments. This allowed the client to concentrate its energies on advancing the manufacturing and marketing prowess that signified its brand while FIDELITONE concentrated on the supply chain management issues that helped to deliver on the brand experience after the sale.

How can we help you meet your service and performance objectives? **Call 800.475.0917**

FIDELITONE, a supply chain management firm, helps you earn your customers' loyalty through specialized services in inbound logistics, order fulfillment, last mile delivery, and service parts management.

We manage resources, create right-fit solutions, and optimize supply chain processes to advance your business performance and profitability. At every step and in every service, FIDELITONE employees focus on the touchpoints that safeguard your brand and keep your customers coming back.

We're paying attention to what matters to you in your business. We're paying attention to what matters to your customers when you entrust your brand promise to us. We're building high-performing answers to your toughest supply chain challenges.

Call 800.475.0917 or visit fidelitone.com