



Case Study

# NETWORK OPTIMIZATION

Streamlining processes and consolidating facilities helps Xerox reduce supply chain costs

Technology

## Challenge

Implement a solution that minimizes impact on operational constraints

Standardize supply chain with new business processes, systems and automation

Maintain current service levels through transition

Build a continuous improvement culture

Reduce operating costs

## Solution

Closed three regional centers and transferred operations to two existing locations

Redesigned remaining locations

Integrated all systems and processes across the network

Implemented new warehouse and transportation management systems

## Results



Supply chain costs



Business process standardization



Inventory visibility



Supply chain reliability and responsiveness

Most companies at some point face the challenge of simultaneously transforming their supply chains to improve efficiency and drive down operating costs, while maintaining customer service. The magnitude and complexity of this kind of supply chain re-engineering often results in organizational paralysis. Xerox overcame this challenge through a unique approach in managing the company's spare parts supply chain.

### → The Challenge

Over the years, Xerox's spare parts supply chain had grown in order to support its North American customer base. Five regional parts distribution centers supported a large network of field stocking locations. Each regional center used different reporting and management processes that were not standardized across the company. These complex and disparate legacy operating systems did not provide Xerox with sufficient visibility to parts inventory and shipments across the network. This made day-to-day operations management a real challenge. It also made performing "what if" analysis a slow, manual effort. With multiple operating systems in place, Xerox was unable to optimize its spare parts network.

In seeking to reconfigure its supply chain, Xerox set out to accomplish five major goals:

- Design and implement a supply chain solution that minimizes the impact of significant operational constraints
- Standardize and modernize its spare parts supply chain with new business processes, systems and automation
- Maintain current service levels to its customers through the transition phase
- Build a continuous improvement culture that strives to increase supply chain efficiency
- Reduce operating costs

### → The Solution

Xerox determined that a radical transformation of its service parts supply chain was needed in order to reach its improvement goals. Exel was selected to assist in this effort, and together the Xerox team created a consulting agreement that emphasized shared objectives and goals. Exel placed a supply chain management (SCM) consulting team in the Xerox organization. Within the first year, the SCM team redesigned and managed the implementation of a series of supply chain transformation projects. As a result, Xerox realized immediate cost savings through improvements in operational productivity, space utilization and inventory accuracy. These projects included:

- Closing three regional centers and transferring operations to two existing locations
- Redesigning the two existing locations to manage increased product flow
- Integrating all systems and processes across the network
- Implementing new warehouse and transportation management systems

During the implementation of these major projects, Exel worked as an extension of the Xerox logistics organization, providing critical guidance, training and overall coordination. Exel built trust with its customer by understanding the company's constraints, concerns and goals.



Technology

Case Headline

**“Exel helped us prioritize and deliver on those initiatives that would produce the greatest supply chain improvements for Xerox. The team quickly realized that it would only be successful when Xerox reached its goals.”**

- Denny Wyckoff,  
Xerox vice president  
North America spares  
and supply chain services

According to Denny Wyckoff, vice president North America spares and supply chain services for Xerox, “Exel helped us prioritize and deliver on those initiatives that would produce the greatest supply chain improvements for Xerox. The team quickly realized that it would only be successful when Xerox reached its goals.”

Once the initial transformation objectives had been realized, Exel began focusing on a series of new projects and continuous improvement initiatives across Xerox supply chain network. For example, to help facilitate continuous improvement initiatives, Xerox introduced Lean Six Sigma into its culture. The Exel team also completed the training to ensure full understanding and commitment to operational objectives and processes. One Exel associate even became a Certified Six Sigma Black Belt and mentors Xerox Green Belt candidates.

Today, Exel remains actively engaged as Xerox’s lead logistics provider and focuses on:

- Supply chain and facility optimization
- Carrier management
- Reporting and performance measurement
- Operations management
- Systems management

➔ **The Results**

Integrating Exel’s team into the customer’s organization was a key component to success. And, because both parties shared measures of success, efforts led to results beyond expectations.

“There are usually different routes to achieving success,” Wyckoff says. “Both teams showed a great deal of perseverance and a real commitment to one another.”

This collaborative approach has resulted in:

- Greater visibility and more accurate data in the spare parts supply chain, allowing Xerox to improve the planning process and overall efficiency across its network.
- Improved supply chain reliability and responsiveness, enabling Xerox to maintain its service commitments to customers.
- New process-driven, results-oriented management and the attainment of significant cost savings.
- Substantial savings across the supply chain:

Project Area	Identified Savings (to date)
Transportation	16%
Warehouse	12%
Supply Chain	3%
Total	15%



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Raising expectations.

**Collaborative success is only possible when both companies speak the same language. While Xerox remained focused on daily operational performance, Exel was able to design and drive change across the supply chain.**

**Contact us to learn how to drive change in your organization.**