



Kuehne + Nagel implements failsafe process to get critical Fujifilm Medical equipment parts to hospitals

Combines optimization, call center to meet time-critical needs

SITUATION

Fujifilm Medical Systems USA Inc., Stamford, Conn., had difficulty getting critical medical equipment service parts to its field service engineers and customers.

Fujifilm needed a way to store and track more than 10,000 small parts, ranging from nuts and bolts to assemblies weighing several hundred pounds –and shipping them out to service engineers in the field. Service needed to be quick and reliable: Customers who call the Fujifilm call center tend to be medical facilities in crisis with a crucial piece of medical equipment down.

Fujifilm had been working with a third-party logistics provider for years, but the company was dissatisfied with the 3PLs performance.

Fujifilm had to have a call center operating 24 hours a day, seven days a week and it needed to be able to send out shipments same day. The job wouldn't be simple: Fujifilm needed a logistics partner that could handle bin/bulk items, rather than in cases or pallets. It needed shipping and inventory accuracy. And it needed a system for parts substitution – a method for identifying which out of thousands of different parts could be substituted if something were out of stock.

SOLUTION

The company chose Kuehne + Nagel, Inc. for help. Kuehne + Nagel's solution was simple but effective – it moved Fujifilm's parts warehouse to a location next to FedEx's package delivery hub in Memphis, Tenn.

Once the new facility was running, Fujifilm soon found that parts ordered through Kuehne + Nagel's call center in Naugatuck, Conn., could be shipped out for next-day delivery as long as they were ready in the warehouse by 11:30 p.m. EST. Most orders must be shipped either overnight or next-flight out.

Executing the plan required the relocation of 11,000 SKUs – hundreds of thousands of individual parts –to Memphis. The effort demanded 20 people working 20 hours a day, seven days, and involved 12 53-foot trailers.

Kuehne + Nagel took advantage of its years of experience transitioning customers' operations to ensure the relocation was transparent to Fujifilm and its end customers

RESULTS

All the preparation paid off. When the new warehouse went live in 2003, Fujifilm was paying for 8,000 square feet inside a shared Kuehne + Nagel distribution center instead of 16,000 square feet in the former location. The difference: Kuehne + Nagel had optimized the inventory.

"We had our own ideas of what we were looking for," says Rachel Arterberry, Fujifilm's Sourcing and Materials Manager, "but Kuehne + Nagel was always suggesting ways we could better manage our parts logistics."

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