



Case Study

How General Cable Reduces Over 50% of Time and Costs Associated with Purchasing - a Case Study with Supply Chain Connect.

Background:

General Cable operates 46 manufacturing locations in 23 countries and is a leader in the development, design, manufacture, marketing and distribution of copper, aluminum and fiber optic wire and cable products. Their products are widely used in communications, energy, industrial and specialty markets. General Cable has nearly 300 suppliers of raw material for their U.S. operations.

Further background information on General Cable can be found in our previous case study from 2001, General Cable Gets Connected.

Issues identified:

1. It was clear that a significant competitive advantage could be gained by improving information flow across the supply chain and eliminating unnecessary paper work and administration.
2. Electronic Data Interchange (EDI) had been implemented with their top 50 suppliers, but this had proved too inflexible and expensive for all parties, which limited the scale of the roll out. General Cable required a more cost-effective solution.
3. There was a desire to reduce order lead times, while continuing to improve plant efficiency.
4. General Cable saw that plants were holding considerable quantities of raw material stock, which lowered the risk of outages but increased costs throughout the supply chain.
5. General Cable was placing a lot of Purchase Orders with their suppliers, which was time consuming and cumbersome.

Process improvements sought:

1. For suppliers to take charge of stock management for key raw materials allowing General Cable to minimize costly consignment stock. Also provide their suppliers with improved information to optimize their own production schedules.
2. To eliminate purchase orders and move to self-invoicing with electronic payment.
3. To ensure demand requirements were met, avoiding stock outs and reducing overall costs.
4. To standardize business practices among plants with a given supplier.
5. To increase supplier efficiency with real time information on firm/planned orders and forecasts.

The solution:

General Cable chose Supply Chain Connect to develop, deploy and operate a private, custom designed, hosted collaborative supply chain solution. Supply Chain Connect's software and services have been implemented across all General Cable's North American plants since 2001 and have included functionality such as:

"We have seen significant improvements in lead times and inventory levels and our employees and supplier partners have really gotten behind this program," says Mark Smith, Vice President of Sourcing at General Cable.

"We see the opportunity to improve supply relationships by sharing real-time supply chain information as being at the heart of this win-win program," added Smith.
"And we are proud of our successes to date."

Order Management - General Cable can place orders on their existing ERP system, which are then electronically sent to the supplier. The functionality also provides for order acknowledgments, change requests, change acknowledgments, advanced shipping notices, and goods received receipts.

Visibility of inventory, orders and forecasts - Nominated suppliers can now see in real-time the current inventory position and production forecasts. Data is shown by product line and plant, and can be aggregated to see total positions.

Supplier Managed Inventory - Suppliers can now optimize their own production, plant capacity, replenishment and delivery while managing the inventory and its replenishment on behalf of General Cable. Suppliers can choose whether to use a simple browser to access data from General Cable's systems or go for a fully integrated solution so that data can be downloaded directly into their own systems. Either way Supply Chain Connect provides simple and immediate access to the most recently updated data provided by General Cable.

The results:

Each day, hundreds of order management transactions and over 100,000 inventory and planning messages flow between General Cable and their suppliers via the Supply Chain Connect hosted service. Having operated the Supply Chain Connect solution for over two years, General Cable reviewed the savings. The results:

Purchase Order Activity Improvement			
Activity	Order Method	Old Time	New Time
Communicate Purchase Order to Supplier	Phone/Fax	5 min	1 min
Check on acknowledgement	Phone/Fax	0-10 min	3 min
Follow up on expected delivery date	Phone	5-10 min	3 min
Check if order is shipped and en-route	Phone	0-10 min	3 min
Average Time		18 min	10 min
Total Time taken to process P.O.'s		60 hours per week	33 hours per week

Chart 1 shows a reduction of 45% in the time taken to process purchase orders

Forecasting to Suppliers			
Activity	Order Method	Old Time	New Time
Generate Forecast Sheet	Excel/Access	4-8 hours	0 hours
Send Forecast	Fax/Email	1-2 hours	0 hours
Forecast discussion	Phone/Visit	2-8 hours	2-4 hours
Forecast time/month		7-18 hours	2-4 hours

Chart 2 shows the reduction of 75% in the time taken to produce forecasts for customers.

General Cable has been able to turn this significant time saving into real cost reduction, both in terms of reducing headcount and through lowering overtime costs. Overall, the company has been able to achieve a reduction of more than 50% in the cost of purchasing as a consequence of utilizing the functionality that Supply Chain Connect has provided. General Cable has placed Supply Chain Connect at the heart of their Supplier Managed Inventory program, driving inventory and consignment stocks down, while providing their suppliers with a tool, which lets all the supply chain partners save costs and reduce inventory.



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