



Driving cost savings and operational excellence

with a managed solution

A leading manufacturer of healthcare and optical products was experiencing costly workforce inefficiencies in parts of its warehouse operations. The company approached KellyOCG® to deliver a managed solution that would cut costs and drive operational excellence.

As a result, a custom program was developed creating flexible, responsive teams of cross-trained workers, and establishing performance and quality controls that enabled quick adjustments—which improved functionality. Within five years, Kelly Outsourcing and Consulting Group (KellyOCG) lowered restock and cycle times by more than 50 percent, increased sorting efficiency on a particular product by 75 percent, and reduced overtime in one operational area by 90 percent. Subsequently, the client has engaged KellyOCG across five additional operational areas, and increased the headcount from seven to 33.

### The challenge

The client had previously staffed its warehouse operations with a mix of full-time and temporary workers. However, since these workers were essentially performing a support function, the company decided to reassign its full-time employees to other areas where they could be more productive. The client asked KellyOCG to design a managed solution that focused on driving cost savings and increasing operational excellence.

Because the company had strict tenure limits, KellyOCG immediately determined that hiring only temporary workers wasn't an option, since high turnover rates and the need to continuously recruit and train new workers would drive up costs. Moreover, it would likely also increase inefficiencies, errors, and risk due to worker inexperience.

### Results at a Glance

#### CHALLENGE

- Warehouse operations had costly inefficiencies
- High turnover and continuous recruiting drove up costs
- Worker inexperience would likely increase risk and errors

#### SOLUTION

- The creation of agile, responsive teams to deploy
- Measure program effectiveness for improvement
- Make policies and procedures available to all

#### RESULTS

- Restock and cycle times reduced by more than 50%
- Sorting efficiency for a specific product increased 70%
- Overtime hours worked in mailroom reduced by 90%

## The solution

With the client's priorities in mind, KellyOCG decided to create a framework to establish agile, multifunctional, and responsive teams that could be deployed as needed. In addition, effective evaluation methods were designed, with clear procedures to quickly incorporate feedback so the workers would be able to improve where necessary. That, in turn, would provide the double advantage of increasing employee engagement while at the same time reducing inefficiencies.

KellyOCG crafted a custom solution consisting of two parts. The first part involved appointing a dedicated on-site manager to focus on ensuring the program functioned as effectively as possible. Consequently, the client's management talent was freed up to focus on the company's core activities. Additionally, processes were put in place for training employees and performing tasks. KellyOCG developed work instructions for each of the assigned tasks, including restocks, cycle counts, product moves, and mailroom functions. To increase the flexibility of the teams, employee cross-training was implemented, so individuals could be assigned to other teams when needed to handle increases in production volume or to deal with staffing challenges due to (temporary) vacancies. KellyOCG also established rigorous safety guidelines that were aligned with the client's existing security program.

The second part involved designing procedures that would allow the program's effectiveness to be measured, so that opportunities for further improvement could be identified. KellyOCG introduced biannual inventory counts and employee evaluations. Additionally, performance baselines, as well as service level agreements (SLAs) and key performance indicators (KPIs) were established to track progress.

Finally, KellyOCG deployed all policies and procedures by means of enterprise content and document management software to ensure it was available not only to the employees, but also to the various stakeholders in the client company.

## The outcome

KellyOCG was able to appoint an experienced on-site manager with in-depth manufacturing knowledge, as well as establish highly diversified teams with a wide range of specialized technical skills and the ability to perform specific functions. Due to the success of the solution, the client asked KellyOCG to manage increasingly more of its warehouse operations.

In the five years since the solution's initial launch, the headcount of KellyOCG talent in the solution has increased more than 400 percent, from seven employees in one functional area to 33 employees in six areas. Restock and cycle times were reduced by more than 50 percent and, by implementing a robotic conversion, sorting efficiency for a specific product was increased by 75 percent. Finally, by cross-training the workers and using fixed work schedules, KellyOCG reduced the number of overtime hours worked by the mailroom team by an astounding 90 percent.

## The company today

The client is very satisfied with the solution. In order to continue reducing costs and increasing operational excellence, the company is currently evaluating which other areas stand to benefit from a managed solution. As a result, the total KellyOCG headcount is expected to increase significantly from the 33 workers currently employed.

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### KEY TAKEAWAYS

- Since the client had previously incurred high costs and experienced inefficiencies due to an ineffective workforce configuration, it was key to create a solution that maximized the capabilities of the workers while minimizing costs and streamlining processes.
- Cross-training workers and performing biannual performance reviews were a critical part of fostering engagement and reducing turnover while at the same time increasing operational excellence.
- Due to the outstanding results, the client is considering expanding the role KellyOCG has in its warehouse operations.

For more information about our solutions, visit [kellyocg.com](http://kellyocg.com) today.