

**Title: Latin America Conexiones**

The following case study is based on our experiences in a Fortune 100 hi-tech company.

**Problem Statement:**

Material movements to Latin American countries were taking an excess of 30 days. This forced inventory levels to be high, customs costs to be excessive, and material was not arriving to our customers in a timely manner, creating Customer dissatisfaction.

*Typical Cycle for a part:*

U.S. Warehouse >> Transit >> In-Country Customs >> Customs Broker >> Customs Clearance >> Local Warehouse >> Customer

Number of days: 4 14 7 2 5 = 32 days

**Current vs. Desired State**

**Current**

Excess Transit Times  
High Customs Storage Charges  
Slow Customs Clearance

**Desired**

Minimize Transit Times  
Reduced Customs Charges  
Maximize Customs Clearance Speed

**Measured Goals**

**Starting Point**

Importation charges added 35% to cost  
Order lead times of 45 days  
Customer Satisfaction at 87%  
Customs clearance average of 14 days

**Big Hard Aggressive Goals**

Reduce importation charges to 18% of cost  
Order lead times of 14 days  
Customer Satisfaction increased to 95%  
Customs clearance average of 48 hrs

**Approach Taken**

We teamed with an industry leader in transportation, built solid working relationships with full service customs brokers, set up bonded warehousing areas to allow real time customs clearance and implemented an escalation process to track and correct delays in material movements.

**Results Achieved**

1. Importation charges reduced to an average of 15% of material costs
2. Inventory lead times to 14 days from receipt of order – a 66% reduction
3. Customer Satisfaction increased to 99% - a 12 point increase
4. Customs Clearance within 24 hrs – an 85% improvement

*Improved Cycle:*

U.S. Warehouse >> Transit >> Local Warehouse >> Customs Clearance >> Customer

Number of days: 2 1 2 = 5 days

### **Affirmation**

*“The improvements achieved by our Logistic Operation in such a short period of time, was key to guarantee and even increase the SLA commitments to our customers, helping us to differentiate ourselves from our competition and to reposition ourselves as one of the top IT companies in Latin America. It is great when Operations and Sales becomes a real business partner. We all win!”*

*Claudio Cordeiro*

*Director – Latin America & Caribbean Services Sales*

*Sun Microsystems, Inc.*

### **Lessons Learned**

By teaming with a transportation industry leader, we were able to leverage their knowledge and core competencies to overcome delays and introduce alternative methods of material movement, shipment tracking, and Bonded Warehouse solutions. This enabled us to focus on establishing Customer feedback tracking, building the necessary processes and establishing the base line measurements to monitor and improve Customer Satisfaction. Costs were reduced by minimizing the number of touch points, consolidating importation processes, and ensuring documentation was accurate. We also realized increased inventory turns and operational efficiencies because of these initiatives.