



## The Client:

Celestica provide a range of global services to the contract electronics manufacturing industry.

Headquarters are in Toronto, Canada. They employ approx 43,000 employees across 30 locations worldwide

[www.celestica.com](http://www.celestica.com)



# Reverse Logistics analysis and re-design

## The Problem:

Our Client provided the turnkey in and out of warranty service for a major provider of handheld telecommunications equipment for the B2B and B2C market. Changes in volumes, by country, and movements in exchange rates and transportation costs over time had resulted in a cost increase of over 40% and a significant profitability impact. Our brief was to examine the real costs of the service and to design a revised network that achieved the lowest logistics cost per service event within the primary constraint of the contractual service levels, maintaining end to end visibility of shipment status (for Customer contact centre call handling) and ideally to restore costs to those currently recovered from their Client without the need for price increases.

## The results:

The existing 3PL was the preferred carrier of our Client and by continuing to use the existing rates, within a revised network design, we were able to reduce the average cost per service event by over 52%, whilst maintaining the required service levels. A number of billing errors were identified and we were able to provide sufficient evidence to support the recovery of the over payments from the carrier. Similarly, the Client was able to implement tighter auditing procedures to prevent re-occurrence..

## Our approach:

The existing service was provided by a single source 3PL / Integrator. We started by gaining a detailed understanding of the contractual service levels between our Client and theirs, and the warranty obligations to the end Consumer. We obtained reports of all transactions associated with the movement of defective units from Customers and repaired units sent back. We also looked at costs that had actually been billed to ensure that billing accuracy was effectively controlled. We then looked at a number of scenarios, including the benefits of consolidated shipments where practical and cost effective by designing a network of consolidation centres across EMEA. We also incorporated scenarios of break-bulk shipment returns to higher volume countries.



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