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“Your team delivered on their quoted financial savings targets, and as a result of the engagement we are on track to realize over \$5,000,000 in cost improvements.”

Glen A. Kashuba,
President,
Biomet Spine & Trauma



Biomet - Supply Chain Optimization

Biomet Inc. is one of the world’s leading manufacturers of orthopedic medical devices. The Supply Chain suffered from low fill rates, elevated input costs from vendors, low distribution center and customer service productivity. The company aspired for a world-class customer experience, and to raise productivity.



\$5,000,000 USD EBITDA Improvement

The solution:

- Reduced shipping costs by \$460,000 through process enhancements that:
 - Consolidated duplicate shipments;
 - Drove ship mix to channels which improved speed and cut rates;
 - Reduced declared value surcharges;
 - Capitalized on service failure credits.
- Installed ordering governance and controls on ‘Drop-Ship’ purchases which otherwise had little visibility.
- Improved picking productivity by 33% by improving warehouse layout, saving \$1,500,000 in labor.
- Enhanced the product returns and inventory transferring disciplines to reduce net field inventory levels.
- Increased active management levels amongst supervisors and managers from 2% to over 9%.
- Reduced legacy product purchasing costs by \$2,100,000 by moving to 6-month buys, VMI, and a more assertive PO process where PO’s on optimized cost rose from 23% to 88%.
- Eliminated artificial peaks and valleys in work volume by staggering release of FAX orders, saving \$380,000.
- Level-loaded the quality assurance technician area to perfectly absorb purchase volumes, resulting in a 67% reduction in overtime and a labor savings of \$560,000.
- Established service levels for percentage of calls handled within 30 seconds.

The results:

Biomet’s overall labor, freight and procurement costs were reduced by \$5,000,000, with no IT costs or capital investments, The project results were achieved despite an 11% year-over-year increase in total company order growth.

