



CASE STUDY 19



OUTSOURCING EVALUATION, PLANNING, AND IMPLEMENTATION



ABOUT THE CLIENT

Industry	Logistics
Revenues	\$35 billion
Employees	100,000
Location	United States
BSI Service or Solution	Outsourcing

Key Challenges

- Operational failures highlighted deficiencies in the maintenance organization and processes
- Labor issues complicated the relationship with maintenance staff
- Management wanted to consider outsourcing the jet engine maintenance in order to definitively resolve the problems

Why BSI was Selected

- Consultant identified a major impending operational problem before it occurred
- Outside support helpful due to a politically charged situation

Project Scope

- All aircraft and engine types in the fleet
- Preventive maintenance
- Unplanned repairs
- Heavy overhauls and light maintenance
- Global operations
- 5-point program
 - Reorganization
 - Process optimization
 - Variability reduction
 - Outsourcing
 - Vendor management

Project Approach

- Articulated key business processes
- Applied a decision tree flowchart to decide which processes should be retained based on strategic and operational criticality
- Designed and implemented kitting templates
- Compared the current situation with an optimized scenario and an outsourcing scenario
- Prepared a tender to outsource the function in part and/or in whole
- Sent the bid to market, evaluated and chose a vendor
- Developed vendor management integration and evaluation processes

Financial Benefits Realized

- \$3 million annual savings
- \$2 million per year reduction in labor costs

Operational Benefits Realized

- 20% reduction in lead time
- Risk offloading to suppliers
- Simplified labor relations