

# BUS 633

## PROJECT MANAGEMENT CASE STUDY

### Logistics Service Improvement Project

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This case study is the basis for the Weeks 1, 2, and 3 assignments. Wherever “country” is mentioned, substitute the name of the country you selected for the Walmart case study.

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### Overview

International Logistics Services (ILS) with \$5 billion in annual revenues provides inventory storage and last mile delivery services to customers world-wide. ILS values are based on the triple bottom line of profits, people, and planet (Slapper & Hall, 2011). The mission of ILS is to provide reliable, accurate, and consistent inventory management and local delivery services in a socially responsible manner. ILS provides inventory storage and cross-dock services at strategic locations around the world. They also own fleets of trucks in each country to deliver goods directly to retail outlets or consumers.

ILS offers customers a unique value proposition as a specialized third-party logistics provider. They offer a place to store goods near the point of sale and provide last mile delivery services. ILS is focused on providing logistics services to enable its customers to serve their consumers effectively and efficiently in a just-in-time manner with minimal stock-outs. ILS customers include Walmart, car dealerships, and other retailers that serve consumers directly.

### Employee Retention

ILS pays wages and has benefits in the top quartile of each country they serve. ILS has a reputation for treating associates well so that they will in turn treat customers well and do their best to achieve a triple bottom line. ILS competes effectively because it attains higher productivity and lower employee turn-over leading to low costs.

### Expansion Strategy

ILS as part of its global expansion strategy has acquired a warehouse and a truck fleet in the country. This is the first logistics operation that ILS has acquired in this country. A specific strategic objective is to obtain Walmart as a customer. Walmart currently uses ILS in other countries.

ILS recently acquired a warehouse in the country employing 50 warehouse employees and 50 drivers. ILS paid \$400,000 for the business. In addition, ILS allocated \$100,000 recognizing that the facility had a number of issues. ILS will form a project team working with existing employees to resolve the issues during Year 0. Given that the problems can be solved ILS expects to see a net cash flow (revenue – costs + depreciation add back) of \$150,000 per year starting in Year 1. Assume a five-year investment life with a salvage value of \$400,000 for continued earnings for year 6 and beyond. ILS plans to secure business from Walmart and other customers in the area surrounding the warehouse once the current issues are resolved. Attaining Walmart's business is a strategic objective.

## Inherited Issues

The logistics service currently in the country has experienced low customer satisfaction, safety issues, and wasted resources resulting in financial losses. Employee turn-over was 25% in the warehouse last year before ILS acquired the business. The facility is not meeting the values for a company striving to maximize the triple bottom line that involves financial, social, and environmental concerns (Slapper & Hall, 2011). There are a number of specific issues which include:

- In 2018 there were 13 lost time accidents in the warehouse and two serious accidents while transporting inventory to a customer's facility.
- Electrical bills are high and energy is wasted. Lights are often left on after hours.
- The warehouse is disorganized. Inventory often cannot be located in the warehouse which leads to late deliveries even though the warehouse is not congested.
- Equipment is outdated and maintenance costs are excessive in addition to using too much fuel.
- Associates have received only informal on the job training in their positions and safety procedures.
- Processes are not documented.

## Your Role

ILS upon closing the purchase appointed a new director for logistics services (DLS) who will sponsor the project team to improve operations at the newly acquired business. You have been assigned to be the project manager. Although the project has been approved, the DLS needs to obtain final approval for the project charter from the Executive Vice President for Global Operations and the Chief Financial Officer.

The DLS has asked you to develop a project charter for his approval by this coming Monday and the essentials of a project management plan are due within three weeks (Project Management Institute, 2017). The DLS indicated John (operations expert), and Alice (business analysis expert) from the U.S. can serve on the project team.

Harriet, Harry, and Harvey are also available as advisors in the United States as they are experts in global technology, robotics, and solar power. Lena will also be an advisor to the team as an expert in lean methods (Mirdad & Eseonu, 2014).

The DLS has asked you to work with the local Human Resources Manager to form a project team. The project should be completed and fully implemented by the end of year 0. The local Business Development Manager has excellent relations with Walmart's logistics procurement team in the country and should be kept updated on the team's progress. Upon completion of the current project the DLS will form another project team to develop a bid for Walmart's business.

## References

Mirdad, W. K., & Eseonu, C. I. (2014). A conceptual and strategy map for lean process transformation. *Proceedings of the 2014 Industrial and Systems Engineering Research Conference*, 263-273.

Project Management Institute (PMI). (2017). *A guide to project management body of knowledge* (PMBOK Guide) (6<sup>th</sup> ed.). Newtown Square, PA: PMI.

Slapper, T. F., & Hall, T. J. (2011). The triple bottom line: What is it and how does it work? *Indiana Business Review*.