Deloitte.

THE RIPPLE EFFECT

Stories of purpose and lasting impact

Trees that grow fast need strong roots

Acquisitions provided the fast-track to growth. But what about integration and stability?

IMPROVING **ON-TIME DELIVERY,** FROM 35% TO MORE THAN 90%

THE SITUATION

When a US semiconductor company wanted a fast way to diversify its revenue streams, access new markets and customers, and address new high-growth applications, an acquisition was the natural answer. And, through the purchase of another company's business unit, it was able to grow—to expand that customer base and diversity of products. The catch? The difficulty of integrating this new division's much different business model and inherited performance levels.

As an example, the new business unit outsourced its manufacturing, whereas the semiconductor company primarily used internal manufacturing. Moreover, the new larger company went from having to manage a few products and customers to having to manage many more products and many more customers that were already experiencing diminishing service levels.

In short—it needed to stabilize things. Quickly.

But how to best integrate this new business unit's model and stabilize its operations? There were clear signs something needed to change: Recent global supply chain challenges and uncertainties over the business unit's complex network of foundries and assembly and test companies had resulted in on-time delivery rates as low as 35%.

Besides those poor on-time delivery rates, the company was challenged to work with an entirely new supply network. Indeed, there was concern over potential reduction in value of the business unit it had just bought! Clearly, the company needed a transformation to stabilize the new operation. And to support that transformation, it turned to Deloitte.

THE SOLVE

Following an initial assessment, our first step was to create a stabilization program designed to drive improvement across the new business unit, from demand management to sales and operations planning to supplier collaboration and execution. The project structure was based on setting priorities designed to achieve specific tangible operational business outcomes.

Implementing those improvements meant creating new and more-efficient processes, such as a weekly operations review, weekly order prioritization and sequencing, and more, to make sure the company met shipping dates it had promised to customers.

Another enhancement was our creation of a new demand signal that combined the company's current backlog and promise dates to customers with forecasted demand, so it became clear what products needed building and when. Linking these components together not only stabilized those commitments, but also ultimately improved on-time delivery.

Because the acquisition had added suppliers the company wasn't used to working with, Deloitte Southeast Asia helped facilitate communications between suppliers on the ground and overall business operations. That team also led sessions on best practices that helped strengthen supplier performance and transparency.

These efforts were all part of a broader "operate-to-transform" approach that involved one component identifying and operationalizing near-term business outcomes with another component focusing on longer-term solutions. Together, these tactics helped create a stable and scalable platform for continued growth.

IMPROVING AND SUSTAINING ON-TIME DELIVERY

THE IMPACT

While the project itself took six months, to sustain the work moving forward, Deloitte documented the new capabilities and processes and created more than 200 user stories to drive enabling technology solutions.

And the results? Enhancements to supply planning and order management for the new business unit resulted in an improvement in on-time delivery, from 35% to more than 90%. Quarterly on-time delivery more than doubled, from 38% to more than 80%. And demand satisfaction also improved, from 85% to more than 90%. Finally, structural constraint utilization improved from 66% to more than 90%.

After six months, the newly acquired business had a weekly supply planning and order promising cadence that was significantly more stable and produced much more-reliable outcomes. By improving relationships with customers and suppliers, the company now had the confidence to continue to scale by acquisition.

LET'S CONNECT.

Do these challenges sound familiar?

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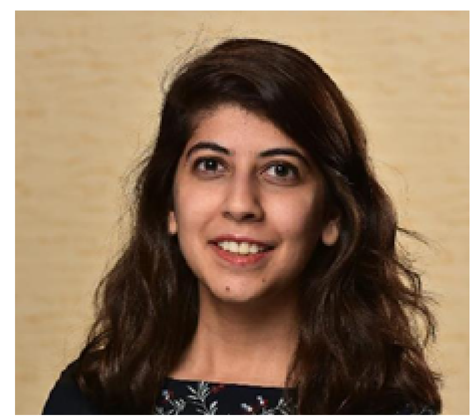

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