

Stryker expands its operations thanks to DC redesign

An interview with Mr. Niek Dudink, director of the Central Distribution Center Europe at Stryker in Venlo (The Netherlands) by Marcel te Lindert

Stryker is growing at a considerable pace, not only autonomously but also thanks to its proactive acquisition strategy. In January 2011, for instance, this supplier of medical devices and medical equipment acquired the neurovascular division of Boston Scientific. The move had significant consequences for Stryker's central distribution center in the Dutch town of Venlo, which was suddenly required to hold 20 percent more inventory and handle a large number of new activities. With Groenewout's help, Stryker has managed to find room for the new product group without having to extend its DC.

Stryker supplies hospitals with a large number of different products ranging from beds to camera systems and from surgical drills or saws to medical implants. The company manufactures all the products itself in one of its 13 factories, eight of which are situated in Europe and the other five in the USA. The facility in Venlo plays a key role in the distribution of all Stryker products. Not only does the distribution center handle direct deliveries to hospitals in Germany, Austria and the Benelux region, but it also serves as the European DC for capital goods.

The DC took on a third role two years ago when Stryker acquired Boston Scientific's neurovascular division, which develops and manufactures medical products for the body's system that comprises the brain, the central nervous system and the circulatory system. "From Venlo, we distribute all the neurovascular products that are manufactured in Europe for export right around the world," says Niek Dudink, director of the central DC in Venlo.

Redesigning the DC

The arrival of the neurovascular products had a major impact on the Venlo DC, which comprises 8,700 square meters of floor space. "The addition of these new products meant that our number of stock keeping units (SKUs) grew by 1,500 to a total of 24,000 different items. That might seem like a relatively small amount, but the extra neurovascular products accounted for 20 percent of our total inventory," explains Dudink. Moreover, this new product group caused a considerable increase in value added logistics (VAL) activities and export shipments. "We had been used to shipping small consignments directly to hospitals, but now we were suddenly talking in terms of full truck loads," continues Dudink.

In order to cope with this growth and the shift in focus caused by the extra VAL activities, Stryker decided to reorganize the Venlo DC. In autumn 2011, the company enlisted the help of Groenewout who had analyzed the DC's efficiency six months previously. "Groenewout helped us to describe the new processes and drew up proposals for the new design. They assisted us when we were taking investment decisions about new equipment, when applying for building permission and when executing the project. In short, they shouldered responsibility for the entire concept

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and its realization. And along the way, a large number of ideas came to fruition which they had originally presented after their earlier efficiency study."

Very tight schedule

Thanks to Groenewout's knowledge and experience, Stryker has been able to integrate the new product group into its operations without having to physically extend the DC. "The only extension work has been an extra 800 square meters added to the existing mezzanine floor," states Dudink.

Apart from that, the main change has been major improvements to product handling in both the inbound and outbound areas. The packing station has been adapted, the returns area redesigned and extra space has been created for the VAL activities. The storage capacity has been increased by constructing new pallet racking and mounting extra shelving on the newly expanded mezzanine floor. "The existing conveyor has been modified so that boxes arriving from the packing station are now automatically sorted per carrier," explains Dudink.

Because integration of the neurovascular products had to be completed before the end of 2011, the project was planned around a very tight schedule. "Unfortunately we had to extend a mid-project deadline, but thanks to Groenewout's input and support we were still able to meet the final completion date. And our day-to-day operation carried on as normal the whole time. That meant that we had to work around the construction and redesign work for a couple of months, but at least our logistics performance didn't suffer."

Greater efficiency, higher quality

The project has resulted in not only the integration of the product group but also an improvement to the way the DC operates overall. "We work much more efficiently than before in many areas. Plus we have raised the quality of the operation – take the automatic sorting process, for instance, which has considerably reduced the risk of errors."

Dudink really enjoyed working with Groenewout. "They are honest and don't beat around the bush if they have something to say. We appreciate that kind of directness. Furthermore, Groenewout proved to be a reliable partner. If they are given responsibility, they accept it and they ensure that the project is brought to a successful conclusion. And that's what you hope for when you hire a consulting company."

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So it should come as no surprise to hear that Stryker approached Groenewout once again when it was looking for an interim warehouse manager in spring 2012.

"Groenewout sent us a very capable interim manager who kept the operation running perfectly until our new manager could join us. In fact, he even made a couple of improvements such as introducing new key performance indicators and implementing changes to the organizational structure at supervisory level," recalls Dudink. "The next time we need help, Groenewout will most definitely be on the list of partners we know we can call."

By Marcel te Lindert

Marcel te Lindert is a journalist with over ten years of experience in logistics. He was editor-in-chief of the Dutch magazines Transport+Opslag and Logistiek. Today he works freelance for magazines like Supply Chain Magazine and Logistiek Totaal.

More information

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