

Fairchild Semiconductor Global Outsourcing Strategy

After its spin-off from National Semiconductor, Fairchild Semiconductor needed a strategy to manage global inventories and fill orders. As a means of achieving cost flexibility and reducing customization, the company implemented a PeopleSoft enterprise resource planning (ERP) system, with i2 Technologies, Inc. supplying several supplemental supply-chain planning and fulfillment applications. The ERP combines order-management capabilities with a portal open to both suppliers and customers of Fairchild. PeopleSoft systems also supplement the ERP applications with specific supply chain execution software, including warehouse management and customer relationship management. An enhancement of the i2 Demand Fulfillment module allows the company to ship a committed order to an immediate customer, with time to replenish the item for shipment to the original buyer (Bowman, 2003).

For continuous performance monitoring, Fairchild uses an executive dashboard to provide a global real-time view of customer demand, inventory availability, shipment status, and sales levels. As a result of the newly implemented systems, Fairchild realized a 10 percent improvement in matching deliveries to request dates and experienced a \$100,000 revenue impact within 10 days of implementing the new system. With improved visibility of the company's supply chain, Fairchild's new SCM systems allowed the organization to quote accurate lead times, provide same day shipping, and adjust to fluid customer needs.

Companies can learn from this example, and implement an enterprise resource planning (ERP) system to improve customer satisfaction, while maintaining and managing their inventories.

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YouSigma. (2008). "Fairchild Semiconductor Global Outsourcing Strategy." From <http://www.yousigma.com>.