



Certified Dealer Network

Case Study: Asset Management Services

Results

AIM helps John Deere Health cut healthcare costs

About John Deere Health:

John Deere Health Care, Inc., a wholly owned subsidiary of Deere & Company, is a manager of benefit services.

John Deere Health Plan, Inc., is a licensed Health Maintenance Organization with service areas in Illinois, Iowa, Tennessee, and Virginia.

In 2002, Deere & Company, the farm equipment manufacturer in Moline, Illinois, chose to address its rising health care costs by creating John Deere Health. John Deere Health includes John Deere Health Care, Inc., a wholly owned subsidiary that manages the company's benefits, and John Deere Health Plan, Inc., an HMO servicing Illinois, Iowa, Tennessee, and Virginia.

To furnish its facilities, John Deere Health chose to tap into Deere & Company's excess office furniture inventory that was stored in various warehouses.

Working with Pigott, Inc., a Herman Miller Certified Dealer, John Deere Health Facilities Manager John Burns was able to consolidate all the excess inventory into one warehouse. Inventory transactions are managed using the Herman Miller Asset and Inventory Management (AIM) system, a web-based inventory tracking tool.

According to Burns, "Prior to the implementation of AIM, we were at the mercy of the 'best guess' system of determining what product we had in inventory. When we closed a facility, we used to just store the excess inventory and identify it as where it came from. When we needed products for a reconfiguration or relocation, it was easier and faster to just order new than to try to figure out what we had on hand or to find it. This resulted in costly duplication of inventory."

AIM organizes inventory

“With AIM, all the guesswork has been eliminated,” Burns says. “Now when we need to store excess inventory, Pigott immediately tags it, records it in the AIM system, and then it’s stored in an organized manner in one warehouse.

“This has not only eliminated the ordering of duplicate product, but has reduced the cycle time for reconfiguration by at least 75 percent. Over the past 12 months, we were able to reuse more than 2,000 furniture items resulting in a 25 percent cost savings in our furniture budget. That’s a cost avoidance we enjoy. But it also has ramifications beyond just the cost of new products and warehouse space. It also affects the productivity of our employees as well.

“For example, just recently we determined that we needed to reconfigure an entire department of 30 people to allow these employees to work more efficiently. In the past, this reconfiguration would have taken at least four to six weeks to accomplish, since we would have needed to physically identify and find what we had on hand and then determine what new products to order.

“However, with AIM, we were able to immediately see what we had in inventory, reserve it for this project, and prepare a report for the product we still needed. But in this case we went a step further. We produced reports that allowed us to find products to substitute for those not in stock. For example, we were able to find and substitute 24-inch panels for 48-inch panels that were not in inventory.

AIM makes reconfiguring faster

“Being able to actually see the products on screen and view the particulars about the products allowed us to complete the reconfiguration solely with inventory we had on hand. The whole process took less than two weeks from the request to the final installation.

“We feel we have more control over our furniture inventories now that we use the AIM system,” Burns adds. “In fact, we can accomplish some of the small reconfigurations ourselves. As products are taken in and out of inventory, they are immediately recorded in the AIM system, so our inventory reports are always up to date. Based on our successful experience with managing our furniture using AIM, we are exploring the possibility of adding other assets to the AIM system, such as artwork and copy machines.”

For more information

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