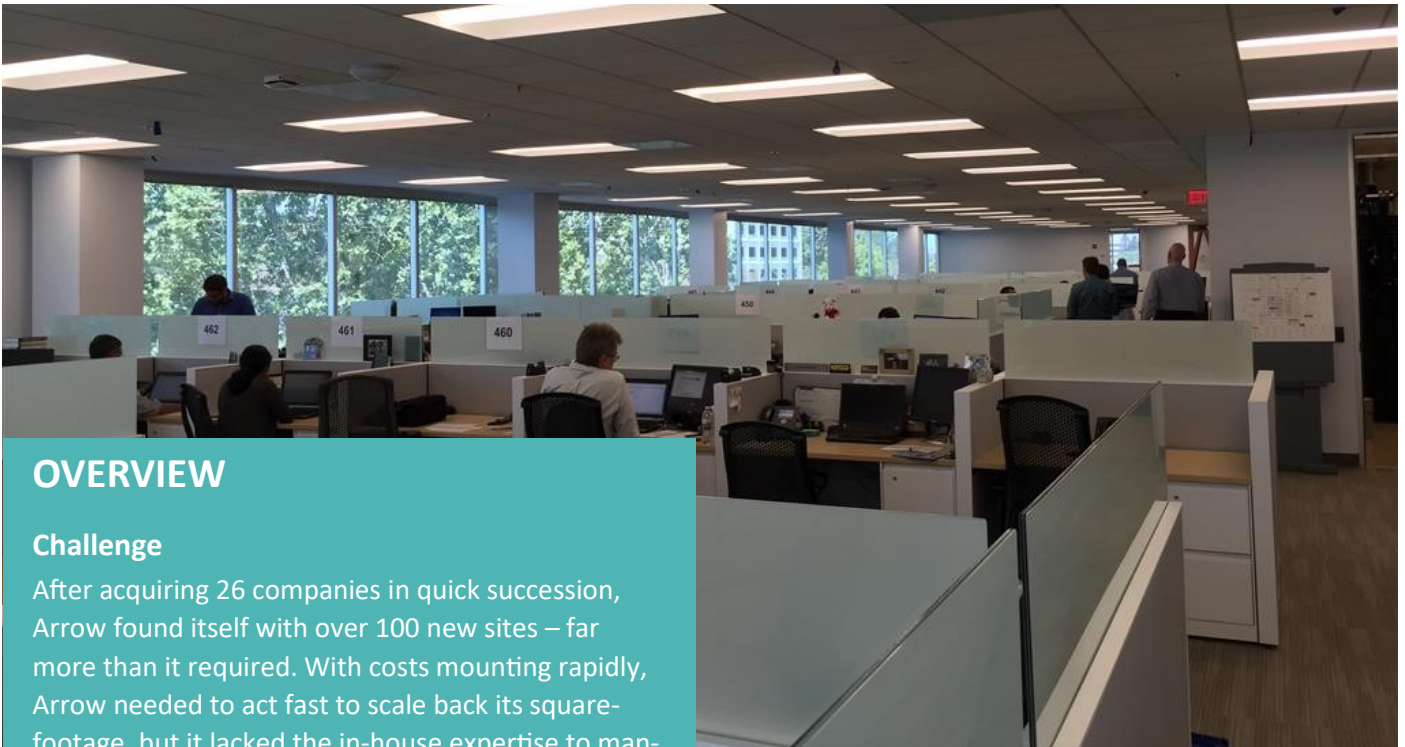


Arrow Electronics

Halving business footprint with hands-on project management



OVERVIEW

Challenge

After acquiring 26 companies in quick succession, Arrow found itself with over 100 new sites – far more than it required. With costs mounting rapidly, Arrow needed to act fast to scale back its square-footage, but it lacked the in-house expertise to manage a real estate project on such a massive scale.

Solution

Arrow engaged ASI to manage the full scope of the project. With its hands-on approach and its network of preferred contractors, ASI cut the time required to decommission each facility from 9 months to just 3 months.

Benefits

- Cut overall square-footage by **50%**, dramatically reducing operating costs
- Saved on average **11 tons** of waste per site through recycling and repurposing
- Boosted productivity by **19%** with new ergonomic office furniture, streamlined employee offices, advanced lighting and building materials.

Founded in 1935 and headquartered in Colorado, Arrow Electronics delivers electronic component and enterprise computing solutions to customers around the globe. A Fortune 150 company with 18,700 employees worldwide, Arrow operates through a network of more than 460 locations spanning 85 countries, generating annual sales of more than \$23 billion.

Growing pains

For businesses pursuing strong growth trajectories, expansion through acquisition is often a highly successful strategy, yet it is not without its challenges. New acquisitions often come with their own premises, which are frequently surplus to requirement and must be quickly merged into the existing business to avoid unnecessary operating expenses.

Integrating a single acquisition can be difficult enough, but when you have acquired more than 20 new companies and over 100 new facilities, real estate management can rapidly become a logistical nightmare – as Arrow Electronics knows all too well.

Girard Berry, Facilities Manager at Arrow Electronics, explains: “In the space of three years we acquired 26 companies, and in the process we gained 111 sites that we didn’t need. These new facilities were in lease holdover – which meant significantly increased rent rates – so it was essential to shut them down and merge them into our existing premises as quickly as possible.

“What we lacked was the specialist expertise to coordinate such a massive project. We assigned a number of in-house project managers to the task, but our business is electronics not real estate. Our efforts were unfocused and it felt like we were shooting in the dark.”

With lead times of as much as 9 months for moving a single site out of holdover, Arrow knew there had to be a better way.

Girard Berry continues: “We wanted to streamline the process and develop a systematic approach to tackling all 111 sites – and we knew we couldn’t do it alone.”

Hands-on project management

Arrow set out to find a project management service provider that specialized in real estate and facilities management.

“We considered three different providers,” recalls Girard Berry. “One simply couldn’t handle the scale of the project, since they could only manage buildings within a 250 mile range. Another was a prominent, top-tier provider, but we felt that their approach was too hands-off; they weren’t prepared to give us support in the field and they would only work through third party vendors.

“ASI, on the other hand, were a perfect fit: they operate worldwide, and they delivered the kind of hands-on approach that we were looking for. ASI’s in-house project managers were on the ground with us, integrating into our own teams, and their external contractors worked directly under them, functioning as an extension of ASI itself. It felt as though we were

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—Girard Berry, Facilities Manager, Arrow Electronics

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ASI began by visiting the newly acquired locations to get an understanding of the specific requirements of each facility, then set about developing a complete strategy for merging them into Arrow’s existing operations. The project involved decommissioning offices – removing all assets – and managing the relocation of employees and technology to alternative premises according to detailed site move plans. Additionally, ASI provided property restoration services and landlord turnover services.

Cory Neubauer, Real Estate & Facilities Project Manager at Arrow Electronics, comments: “ASI were able to provide all the services that we required for the project, and their systematic approach to planning and executing the operation was invaluable. With so many people and equipment to coordinate, office moves in particular can be highly stressful, but ASI managed to make ours straightforward and largely hassle-free – with minimal disruption to our ongoing business.”

Utilizing a suite of sophisticated project management applications, ASI established a ticketing system, a centralized scheduling program, and a consolidated file repository, helping to streamline the process and deliver full oversight of the entire project.

Throughout the process, ASI took steps to reduce Arrow’s carbon footprint. For example, ASI implemented a comprehensive filing cabinet recycling program – refurbishing between 50 and 100 cabinets per office, which would otherwise have ended up in landfills.

By researching and analyzing Arrow’s existing offices,

ASI also developed plans for improving employee productivity by implementing new technology, optimizing office space, and designing and installing improved, ergonomic furniture.

To ensure the project ran to schedule, ASI provided comprehensive Timeline Management services. By directly overseeing external vendor activities and tenant improvements, ASI made certain that all parties involved were adhering to the project timeline, while quickly identifying and resolving any delays.



“ASI held weekly calls to discuss the current status of the project,” adds the Cory Neubauer. “They kept everyone in the loop, and they never lost sight of the full scope of the operation.

“ASI completely transformed the way we were approaching the project. They were able to cut the lead times for moving a site out of holdover and into the chosen channel to just three months – six months faster than what we were managing on our own. The project ran exceptionally smoothly, especially in light of the tremendous scale of the task, and in less than four years ASI handled all 111 facilities.”

Greener, more cost-effective operations

With the project complete, Arrow is enjoying floor-space perfectly optimized for its needs, while unnecessary rent, utility and equipment costs are a thing of the past.

Girard Berry explains: “ASI managed to merge all 111 of the new sites into 45 existing facilities, cutting our overall square footage by 50 percent. We’ve been able to massively reduce our energy usage, we’re paying less rent, and we need fewer computers.

“Additionally, ASI helped us save approximately 11 tons of waste per office through recycling and repurposing.

The filing cabinet recycling program in particular was a huge success: in total, we avoided about 800 tons of waste through that initiative alone, and we saved around 75 percent over purchasing new cabinets.”

The enhancements ASI made to Arrow’s remaining offices are also yielding substantial benefits. Ergonomic chairs, superior lighting, and other improvements are making employees’ lives easier and more comfortable, leading to a happier and more effective workforce. “We estimate that employee productivity has gone up by 19 percent as a direct result of the new furniture,” says Cory Neubauer. “It’s almost surprising how much of a difference a good chair can make!

“What’s more, throughout the project our employees were free to focus on our core business. Having ASI manage the project was a great weight off our shoulders, since we didn’t have to worry about the details and we didn’t have to divert our own staff to the project, ensuring there was no impact on our ongoing business. We let ASI do what they do best, so we could do the same.”

Girard Berry concludes: “I couldn’t be happier with the service ASI provided – the way they delivered and maintained a personal, hands-on approach for a project that spanned four years and 111 buildings is truly remarkable.”

About ASI

A project management full-service provider within the real estate and facilities management field, ASI has been developing its processes for 15 years, and it is constantly evolving to meet the needs of new and existing customers. With a global reach and a hands-on approach, no project is too big or too small. To learn more about how ASI can help you, please visit <http://www.asicoinc.com/> or contact info@asicoinc.com.