

Dynamic Inventory Control

Increasing inventory efficiency helps a leading automaker streamline production in Mexico

Automotive manufacturing is a well-choreographed dance. And every move in that dance needs to be planned and executed on time and in rhythm.

For one leading international brand, increasing the efficiency of inbound-to-manufacturing materials flow is the fundamental step in measuring production performance. And with all the parts that go into a single vehicle, there's no room for a single stumble.

Due to confidentiality agreements between DHL Exel Supply Chain (DESC) and this client, we are unable to provide the specific name of this company.

The Challenge

With part suppliers, sub-assemblers, logistics providers, and transport companies all supporting the production schedule at its plant in Mexico, collaboration was a major challenge. Without visibility and planning processes shared among all these supply chain partners, it was even more so. Obsolete materials, unnecessary payments, and high transportation and administrative costs were too common.

Dispatching special task force teams to work with key suppliers on streamlining their delivery processes was sometimes effective but seldom permanent. "The company needed an integrated solution to manage dynamic inventory levels through each step of the process and effectively coordinate just-in-time deliveries," said Lamar Miller, Senior Director of Automotive Customer Development for DESC in Mexico. And with three different production processes, 22 suppliers, and 300 part numbers, that was no small task.

The Solution

Fortunately for this company, DESC had developed a supplier integration system to meet just these kinds of challenges. The system is a specialized in-house IT platform that supports common manufacturing operations — such as delivery sequencing, metering, and replenishments of open-bin supplies — for inbound-to-manufacturing automotive environments.

DESC worked closely with this company to implement a tailor-made, web-based supplier integration system. It links all of the company's global supply chain partners into a flexible, real-time production schedule, streamlines information flow among them, and reduces waste.

With support and training at both the implementation and ongoing operation stages, the system provides much-needed visibility and inventory control. "The system we designed includes a robust database to analyze statistics, monitor inventory and identify obsolete material," says DESC's Miller. "And a web portal makes it easy for external parties to be continuously informed of stock levels and just-in-time delivery information."

Challenge

Achieve production transparency for all supply chain partners

Implement integrated solution to manage inventory and deliveries

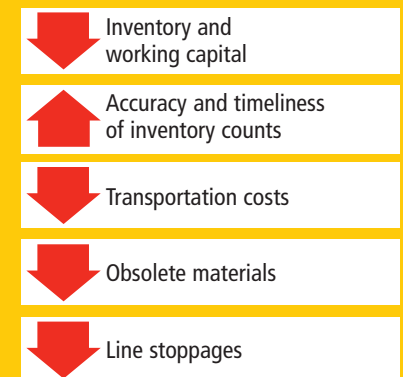
Reduce obsolete materials and high transportation and administrative costs

Solution

Design and implement tailored IT platform that:

- Links all supply chain partners
- Provides real-time production schedule, inventory control, streamlines information
- Analyzes statistics, monitors inventory, identifies obsolete material

Results





The Results

Exel's innovative solution improved the automaker's inbound-to-manufacturing material flow between its supplier park and the plant, and provided a framework for sustainable performance in the inbound supply chain. By improving the communication and information flow across the supply chain, the company has seen considerable advantages.

Specific benefits have included:

- 30-percent reduction in inventory
- More accurate, timely inventory counts
- Reduced transportation costs
- Fewer emergency response expeditions
- 50 percent reduction in obsolete materials
- Tenfold reduction in line stoppages due to material availability
- Improved supplier response time
- Fewer shipment/sequencing errors

Communication is the key to every relationship, and in supply chain execution it's no different. Exel helps your partners communicate better with you – and one another.

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There has never been a better time to reevaluate your inventory control systems.

Contact DESC today to learn how you can improve accuracy, speed up delivery time, reduce transportation expenses, and more.



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