

Supplier Park Logistics

DESC's expertise in supplier park operations helps Ford's newest plant in Brazil generate higher sales volume and profits.

In many ways, Ford Motor Company's latest success in Brazil is a model for global expansion. Its highly profitable new plant employs hundreds of citizens who build cars designed specifically for the local market. With increased market share and growing sales, the formula could be used to achieve similar goals in other markets – even in North America.

Ford's recent achievements in South America are the result of rethinking an initial strategy – and choosing an effective partner in the ultimate successful solution.

The Challenge

In the always-competitive global automotive landscape, carmakers constantly seek new ways to satisfy customers in key markets while also improving profitability. Ford knew South America represented an enormous opportunity. After initially selling adapted versions of European models, Ford determined it could cut costs and increase sales by offering a new line of economy cars designed for, and built in, the local market.

To do this, the company needed to consolidate its existing assembly operations in Brazil, move them into a new facility, and establish new supply chain operations to keep the production lines fed. Ford management titled the ambitious plan "Project Amazon," and it presented a unique set of challenges. The manufacturing facility in Camaçari, Bahia (in the country's northwest region) needed to be linked with its supplier base in São Paulo, 1,250 miles away. Twenty-six tier-1 suppliers had to be integrated with Ford's operational systems. And the company faced the cultural sensitivities of an untrained workforce being drawn from many parts of a large country.

The Solution

To help achieve its plan, Ford chose DHL Exel Supply Chain (DESC) for its proven expertise in automotive supplier park logistics design and operations. "We're extraordinarily proud of the integrated supply solution we created for Ford in Brazil," said Nelson Filipe, DESC's senior director of automotive/chemical/industrial sector. "We worked closely with Ford during the earliest concept definition, and deployed expert resources from around the world as the project unfolded."

DESC developed and implemented cooperative systems to perform and control all internal logistics, including:

- Storage and expedition
- Sequencing
- Line feeding
- Packaging and loading
- Receiving
- Warehouse management
- Kitting
- Internal sweep runs
- Critical list control

Challenge

Design and build economical domestic cars in that appeal to local demand

Consolidate and relocate car assembly to lower-cost region

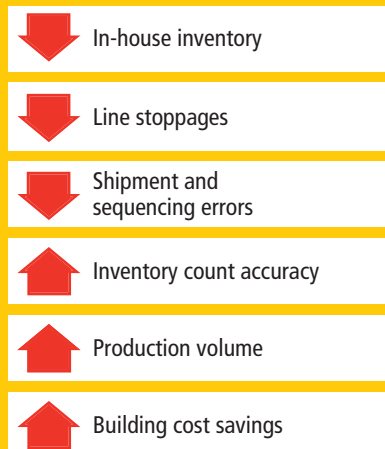
Bring distant suppliers to the new region and integrate multiple operational systems

Solution

Design and implement a supplier park concept that:

- Integrates and manages more than 20 tier-1 suppliers
- Applies best-in-class supplier park logistics from around the world
- Establishes efficient processes and systems
- Prepares workers to successful in their new positions

Results





DESC utilized in-plant logistics best practices to synchronize material flow and create a robust line-feeding operation. Supplier park experts from the UK and Mexico were brought to Brazil to assist with implementation, which included custom tools for inventory control, critical list visibility, and external logistics management.

"Other functions included filling system gaps in the critical list control, sweep runs, and freight audit operations," said DESC's Filipe. "We even invested in special equipment to implement a safer, more efficient, forklift-free final assembly environment." And to make certain the new systems were properly run, DESC conducted in-depth, culturally sensitive training with every employee involved in core plant processes.

The Results

With DESC's help, the Camaçari plant had a successful launch and production ramp-up. It was transformed into a leaner, more flexible facility with the capacity to produce five different vehicle platforms simultaneously on the same line.

Today Camaçari is at full capacity and Project Amazon is one of Ford's greatest success stories. The plant has run three shifts six days a week since 2004, churning out more than 900 vehicles per day. Ford Brazil has doubled its market share to 12 percent in that time, racked up 15 straight quarterly profits, and is now scrambling to keep up with red-hot demand for its cars and trucks.

"By improving the communication and information flow with key supplier and across the entire supply chain, we helped Ford achieve considerable benefits and make this project a success," said Filipe. "The inventory reductions and productivity improvements alone were dramatic."

Benefits of DESC's implementation included:

- Reduced in-house inventory from 6 days to 3
- Achieved more accurate, timely inventory counts
- Reduce line stoppages due to material availability to zero
- Improved supplier response time
- Limited shipment/sequencing errors
- Optimized floor space to avoid \$12 million in building costs

DESC remains involved in Camaçari to help the company respond to the demands of increasing volume, and DESC was recently selected as logistics partner in Ford's São Bernardo do Campo plant.

If your company needs to enhance end-to-end visibility in the supply chain and integrate multiple key suppliers to meet your production requirements, let the global supply chain leader put its knowledge and capabilities to work for you. Contact DESC today to learn more.

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