

CASE STUDY

A SINGLE-PROVIDER SOLUTION TO MULTIPLE CHALLENGES



A leading electronics manufacturer headquartered in Tokyo, Japan, specializes in imaging, sensing, optical, and printing products for a variety of industries. The company, which sells its precision-manufactured products worldwide and has operations in 45 countries, was looking to optimize its domestic Japanese distribution network and increase its resiliency against supply chain disruptions.

CUSTOMER CHALLENGE

The manufacturer had several concerns it needed to address. With more than 100 suppliers worldwide and multiple business units and product lines to manage, it was difficult to devote sufficient resources to running its domestic supply chain effectively and to delivering the high levels of service expected by its customers in Japan.

The company also needed to optimize its domestic distribution network and logistics activities, and to reduce associated operating costs. And finally, it wished to increase its supply chain flexibility and resilience in two respects: by building in greater capability for responding to and recovering from natural disasters, such as the earthquake and tsunami of March 2011, and by increasing the velocity of its supply chain's response to rapid product changes.

CUSTOMER CHALLENGE:

- Improve resource management and service quality
- Optimize domestic logistics operations and distribution network design
- Reduce costs
- Improve supply chain resilience and flexibility

DHL SUPPLY CHAIN SOLUTION:

- Restructure domestic distribution networks
- Introduce quality improvement processes in warehouse operations
- Improve KPI-based quality management systems
- Provide control tower visibility into supply chain operations
- Reduce transportation costs by unifying contracts and implementing shared trucking services

CUSTOMER BENEFITS:

- Improved supply chain performance
- Reduced logistics costs
- Improved customer service
- Heightened agility/responsiveness to change



DHL SUPPLY CHAIN SOLUTION

To accomplish all of these objectives, the manufacturer chose to outsource the management of its supply chain operations in Japan to a single third-party logistics (3PL) provider that would operate as the technology company's Lead Logistics Provider (LLP). The company sought a global LLP that in addition to performing specified logistics services could also apply world-class expertise, knowledge, and oversight to the entire domestic logistics operation. The manufacturer selected DHL Supply Chain as its strategic LLP partner.

Objectives for the engagement over the long term included implementing lean logistics processes, identifying cost saving opportunities, and providing end-to-end supply chain planning and design, with DHL ultimately assuming control of all the manufacturer's logistics sites in Japan.

DHL began the restructuring of the manufacturer's domestic distribution network by opening a new distribution facility. It also introduced quality improvement processes designed to optimize warehouse operations, standardize work processes, establish a more effective key performance indicator (KPI)-based management system, and provide end-to-end "control tower" visibility across the domestic supply chain with the capability to spot and monitor potential supply chain disruptions. On the transportation side, DHL reduced costs by unifying or consolidating carrier contracts and utilizing shared trucking services for customer deliveries.

CUSTOMER BENEFIT

DHL's efforts improved the overall performance of the manufacturer's supply chain while reducing logistics costs. The new distribution center and network redesign streamlined operations, improved warehousing processes, and enhanced customer service. The LLP's control tower solution gave the manufacturer the visibility it needed to quickly respond to potential or actual supply chain disruptions. The manufacturer's success in engaging an LLP not only benefited the company for the long term, but also spurred greater management interest in embracing a more strategic approach to supply chain management.

QUOTE

"DHL has hit our first-year targets for minimizing logistics costs and providing expanded, value-added services. They have implemented services and processes that make our supply chain more cost-effective. We are satisfied. DHL takes care of our supply chain very well, and we're looking forward to more positive results."

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