

CASE STUDY

FINISHED VEHICLE LOGISTICS: REDUCING TIME-TO-MARKET THROUGH SUPPLY CHAIN ENHANCEMENTS



One of the world's largest automotive manufacturers sells products throughout Europe, the Middle East and Africa, among other locations.

In Europe alone, the automaker handles more than 1.4 million cars annually. With each car having significant value, the company has millions of euros in inventory sitting in its supply chain. The task of streamlining this inventory, while at the same time getting the right car to the right location for the dealer to deliver to the consumer, is a daunting one. The company relies on its supply chain partners to manage finished vehicle logistics, provide high levels of service and optimize finished vehicle inventories.

CUSTOMER CHALLENGE

The global automaker needed to reduce the time between order and delivery of its finished vehicles. At the same time, it wanted to attain better visibility of product as it moved through a complex supply chain consisting of ocean carriers, compound operators, vehicle-release procedures, port facilities and surface carriers. The company was leveraging services from multiple stakeholders to facilitate their supply chain, but this resulted in a challenging environment where improvements were difficult to implement. Roles and responsibilities between the various supply chain stakeholders were, on occasion, unclear or overlapping.

Additionally, the automaker was not able to measure their transport service providers, which made evaluation difficult during the selection process. Forecasting vehicle volumes was also a challenge as they were operating with only one week advance visibility. This limited stakeholders' ability to minimize capacity shortfalls within the network.

CUSTOMER CHALLENGE:

- Reduce time between order and delivery of finished vehicles
- Achieve better visibility of vehicles in transit
- Unite all stakeholders in the finished vehicle supply chain
- Improve carrier management and performance

DHL SUPPLY CHAIN SOLUTION:

- Create collaborative approach to finished vehicle logistics
- Implement dashboard to measure performance of all stakeholders
- Establish new processes for transportation planning and carrier management
- Employ data-driven transportation management to drive continuous improvement

CUSTOMER BENEFITS:

- 20 percent reduction in vehicle dwell times at port
- Better communication among stakeholders
- Less finished vehicle inventory
- \$3 million reduction in premium transportation
- More reliable supply of vehicles to the dealer leading to improved dealer and customer satisfaction



AUTOMOTIVE

DHL SUPPLY CHAIN SOLUTION

DHL undertook a collaborative approach, through which it sought to understand the challenges faced by all participants in the company's supply chain. At the same time, it drove a more interactive approach with the automaker's various internal stakeholders with the help of a "pain-point workshop." It was the first time that the company's logistics and procurement teams had met to share their experiences in supporting the company's needs and to lay out the various issues inhibiting the current network.

The lack of an effective operational carrier-management process meant that the company couldn't easily determine the best carrier and rate for a given move. It would frequently opt for the cheapest price, without accounting for the quality of the carrier's performance. DHL helped the automaker co-locate its carrier-management team in one location, so that it could fully assess the value that it was receiving from carriers.

To help the company realize dwell-time reductions, DHL not only piloted a new planning process with the objective to better align the key stakeholders in and around the ports, but also introduced a monthly dashboard performance-governance review. This included clear key performance indicators that were agreed to by the customer and jointly approved as areas of improvement. The data validated lead times and provided dealers with information on vehicles in transit.

DHL also worked with the automaker to set goals for speeding up the movement of product. Together they set a target of reducing the number of cars experiencing dwell times of greater than 20 days from 10 to five percent.

The following year, they further cut that amount to 1.5 percent. The goal was achieved by bringing together representatives of the shipping line, port and surface carrier, so that all parties would know precisely how many cars were being offloaded at the docks at any given time. As a result of the positive experiences within the initial markets, DHL was asked to help the company implement the same

processes in France, where it has improved delivery performance by more than 10 percent within the first year.

CUSTOMER BENEFIT

DHL's efforts helped the automaker to achieve a more cohesive supply chain for finished vehicles, in which all parties worked closely together to coordinate the handoff of cars, and determine the optimal carrier services required to get product to the dealer. The performance of each entity was closely monitored and tied to specific KPIs.

Now, each time a vehicle is ready for transport, the company broadcasts a message to the logistics provider. Carriers receive information about the company's transport requirements up to four weeks in advance, in addition to a weekly plan that specifies vehicle quantity and volumes.

Through improved carrier management, DHL helped the automaker reduce its expenditure on premium freight by \$3 million within one year. In addition, the solution cut time at the Port of Antwerp — one of its major European transit points — by 20 percent, thereby accelerating time to market.

QUOTE

"My team and myself are looking forward to building on the processes we have implemented together to make our container management service an outstanding one in Europe. The dedication of the DHL team has been key to the successful implementation of the program and will be instrumental in its continuing optimization."

Customer Executive

For further information

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