

# LEAD LOGISTICS PROVIDER SOLUTION CREATES COMPETITIVE ADVANTAGE FOR FORD



Ford Motor Company is a global automotive company that manufactures and distributes automobiles across six continents. With over 164,000 employees and 70 plants worldwide, the company's brands include Ford and Lincoln. The successful partnership between DHL and Ford has evolved over the past 15 years into the development of a Lead Logistics Provider (LLP) solution. In 2002, Ford has transitioned from three separate LLP providers from different regions in Europe to utilizing DHL as the single European LLP provider.

## CUSTOMER CHALLENGE

In an ever competitive automotive market, Ford continues to face the company-wide challenge of continually enhancing the efficiency and quality of its key business processes. The challenge in supply chain was not only to improve efficiency and quality but also facilitate the specific requirements of lean manufacturing that were a cornerstone to the success of the entire enterprise.

The company managed logistics locally before moving to three regional LLPs. However, Ford continued to see a need to optimise its inbound logistics operation and develop a more integrated supply chain management approach across Europe. The main priority was to support lean manufacturing while seeking cost savings and protecting plant production schedules.

### Customer Challenge

- Ensure timely production to meet challenges of a highly competitive market
- Support Lean Manufacturing methodology
- Seek cost savings
- Diminish environmental footprint

### DHL Supply Chain Solution

- Design and implement a single optimized fully engineered inbound network
- Deploy DHL staff at all Ford European manufacturing locations to work in partnership with Ford
- Deliver a joint and fully integrated supply chain team that manage logistics across all European operations
- Support lean manufacturing and constant review of the supply chain to achieve cost optimization of material flows and full cost visibility

## DHL SUPPLY CHAIN SOLUTION

DHL's LLP team worked in a close partnership with Ford to create a specialist team that supports, steers and controls their supply chain logistics. The LLP approach focused on a single European solution to unite European manufacturing and increase network visibility. This was accomplished by transforming from a Destination Based Network (DBN) to an Origin Based Network (OBN), which introduced synergies of integrated collections and the benefits of an engineered transport network specific to Ford's needs. Through a focus on lean manufacturing and constant review of the supply chain, the LLP solution ensured cost optimization and full cost transparency of the inbound to manufacturing material flows. Achieving these results was made possible thanks to a very close cooperation and partnership which included deploying DHL staff in all Ford European manufacturing locations.

## CUSTOMER BENEFITS

The Lead Logistics Provider solution for Ford enhanced the supply chain while being environmentally sustainable. The reduction of CO<sub>2</sub> emissions through network optimisation has been significant. Also through continual development of lean logistics principles, an exclusive tailor-made engineered transport network and "Just in Time" deliveries have delivered significant inventory and freight costs reductions. Vehicle utilization improved by over 15%, while emergency freight was reduced by 20%. Additionally, CO<sub>2</sub> emissions were reduced by an estimated 20,000 tons. All this occurred while Ford experienced an on time arrival performance of 95% within 30 minutes of the engineered time window.

### Customer Benefits

- Cost optimization of material flow
- Stability and confidence with a 95% on time arrival
- Improved efficiency, supply chain transparency and vehicle utilization
- Reduction of inventory, emergency freight and CO<sub>2</sub> emissions

### Lead Logistics Provider

A Lead Logistics Provider solution places the responsibility and accountability of the design, management, cost and operational performance of the main supply chain functions and systems under the control of a single partner in order to drive improvements in service levels and reduce overall total logistics costs. This includes coordinating the services of multiple logistic service providers.

### For further information

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