



Kuehne + Nagel Consolidates Logistics Solution, Saving Company Time and Money

Fully integrated WMS provides comprehensive functionality for traceable inventory and shipments

SITUATION

One of the leading international manufacturers of commercial vehicles and diesel engines was established in 1975 and now produces sales that exceed €9bn.

The company's Customer Service business unit has full responsibility of worldwide after-sales operations, including parts supply chain. The unit has completely re-engineered processes within the supply chain as an essential premise to reduce operating costs and to meet the needs of customers who are becoming more and more demanding in matters of quality and services.

SOLUTION

As part of this major strategic re-organization, an agreement was signed in 2000 for the transfer of management of logistics operations to Kuehne + Nagel. This was to establish a long term exclusive co-operation based on 'win-win' logic capable of sustaining the profitability of the operation.

Working in close collaboration with the manufacturer, Kuehne + Nagel deployed a senior consultancy and management team to set-up a single, pan-European layer between the company and the various service providers. The team would be responsible for five Regional Distribution Centers (RDCs) in Italy, Germany, France, Spain and the UK. These RDCs serve both national customers and the immediate neighboring countries and comprise around 280,000m² (3 million ft²) of warehouse space. The contract also included the movement of about 1,000 staff, transferred under local TUPE type regulations, plus associated assets and equipment.

In 2004, the company further strengthened its partnership with Kuehne + Nagel by the signing of a new five year contract. The terms include improving service levels and controlling costs while proactively responding to a rapidly changing automotive manufacturing landscape.

The Kuehne + Nagel solution covers both warehouse operations and distribution (movement of product between plants, suppliers and customers). Next-day or 48-hour delivery to the entire company's customer base across Europe is also provided. The total stock value managed is in excess of €260m. Approximately 68,000 tons of diverse SKUs are made up of a product line that ranges from small components to whole engine blocks for trucks and vans.

Value-added services such as kitting, service exchange, repackaging, re-labeling of parts, technical scrapping, product recall, quality checking are also in the scope of the warehouse operations provided. Service level targets were built into the contract through a rationalization of the inbound/outbound transportation supplier base and creation of critical mass through collaboration with non competitive 3rd parties. Transport operations are integrated with the warehouse processes by using advanced planning tools.

RESULTS

According to the terms of the new contract, Kuehne + Nagel will enable the company to further reduce logistics costs through continuous improvements to operational efficiency, reduced delivery windows and improved traceability throughout the entire supply chain.

Other benefits of the logistical solution are increased service levels to the customer from 89% to 97% for urgent orders and from 89% to 98% for stock orders. Re-engineering of the business processes has increased synergies and minimized the level of double handling. A full review of the product line has introduced pull-based stocking policies, cross docking and distribution pacing based on actual product demand needs. The use of RF data capture has simplified operations and provided the bases for product track and trace by serial number.

Kuehne + Nagel
127 avenue Ledru-Rollin
75011 Paris, France
Tel: +33 1 48 07 39 39
logistics@kuehne-nagel.com
www.kuehne-nagel.com

