



## Auto

### Leading Automaker Outsources Operation of Western Canada Parts Distribution Center

***Relies on Kuehne + Nagel's Edmonton DC for fast, efficient parts delivery to dealer network***

#### SITUATION

Satisfying dealer demand for fast, accurate parts delivery is a primary goal of every auto manufacturer. For the Canadian operation of one auto giant, it is critical. Drivers of its upscale vehicles demand rapid turnaround on service. In order to compete successfully for high-margin service business, the company's dealers rely on fast, efficient fulfillment of parts requests.

The automaker has more than 140 dealerships across Canada and initially operated its own parts distribution center (PDC) in Vancouver. But when sales increased, along with the costs of operating the DC, the company sought help from a third-party logistics partner with auto parts distribution expertise.

In 1994, Kuehne + Nagel's Edmonton distribution center was chosen by the company to operate its Western Canada PDC, serving dealerships in the provinces of Alberta, British Columbia, Saskatchewan and Manitoba. (The automaker handles distribution to the rest of Canada directly.)

#### SOLUTION

The Kuehne + Nagel operation was designed to the company's custom specifications. A three-tier mezzanine was installed to store 15,000 SKUs of small car parts. A "hazardous goods" cage was added to stock airbags and aerosol paints.

Kuehne + Nagel currently manages 33,000 SKUs in 48,000 square feet of warehousing space. Approximately 86,000 lines are shipped from the PDC per month. Kuehne + Nagel's Edmonton's staff manages all inventory-related processes, including all inbound receipts, identification of product for quality inspection, and disposal of damaged product, including scrap and repack.

#### RESULTS

Kuehne + Nagel seamlessly transitioned the automaker's operation with no negative impact on customer service. Since then, Kuehne + Nagel has delivered the highest productivity – measured by lines per hour and cost per unit shipped – of any of the company's 10 North American PDCs.

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