



Auto

Leading Auto Supplier Expands to North America, Leveraging Integrated Logistics Solution

Kuehne & Nagel's door-to-door service from Germany to Canada results in JIT delivery to OEM assembly line for Tier One Supplier

SITUATION

When an international leader in the production of cast-iron engine parts signed its first contract with a large Canadian OEM in 1998, it sought a third-party logistics partner with the expertise and resources to manage its new Canadian logistics requirements. The Germany-based company chose Kuehne & Nagel, which leveraged its global freight forwarding and logistics network to implement an integrated, cost-effective solution.

SOLUTION

In Germany, Kuehne & Nagel provides empty ocean containers to the customer for product loading. Once filled, Kuehne & Nagel coordinates overland transportation to Belgium. Following an eight-day trans-Atlantic sailing, the containers arrive in Montreal, Canada. The customer uses KN Login, Kuehne & Nagel's Web-based track-and-trace tool, to monitor the freight, around the clock, during its journey.

Kuehne & Nagel ships product via truck and train from the port to its Toronto distribution center, where the customer currently occupies 35,000 square feet of warehousing space. At the DC, the parts are unloaded, inspected for in-transit damage, repackaged and stored, awaiting orders from the automaker's assembly plant. Upon order receipt, Kuehne & Nagel pulls the appropriate number of parts, trans-loads them from export pallets onto returnable dunnage and provides necessary just-in-time delivery to the OEM's manufacturing site for final engine assembly. Some 6,000 parts are received and shipped weekly from the Toronto facility.

RESULTS

Kuehne & Nagel acts as an extension of this tier one supplier's business, rapidly and cost-effectively responding to OEM orders, ensuring engine blocks are at the assembly line when required.

The success of the logistics operation in Canada helped the customer win a contract renewal with its Canadian OEM client and to gain additional business in Mexico. The success of the Canadian operation led the customer in 2001 to establish a duplicate operation in 40,000 square feet within Kuehne & Nagel's Silao, Mexico distribution center, which handles 8,000 blocks per week and is just minutes from the OEM manufacturing site it supports.

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