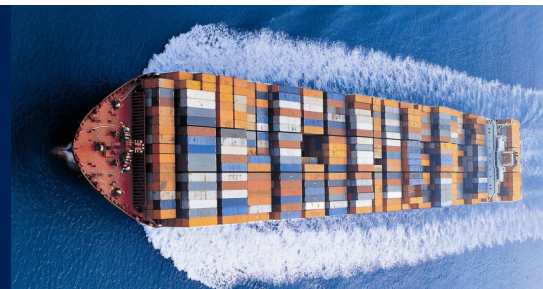




CASE STUDY: HOUSEHOLD APPLIANCES

Candy-Hoover Group



Candy-Hoover is a family owned, multi-brand group based in Italy, among the European leaders in the household appliance industry. After relocating their sourcing to China and Turkey, their supply chain became over-complex, risking inefficiencies and increased lead times. Candy-Hoover turned to Kuehne + Nagel to help address these issues.

QUICK OVERVIEW

BACKGROUND

Candy-Hoover, major European household-appliance group, had extended its sourcing to China and Turkey but was faced by an over-complex supply chain as a result.

CHALLENGES

Need to capitalise on cost-savings created by moving product and component sourcing. This meant better inventory management and a more efficient supply chain. Greater flexibility was required with more robust processes to manage multiple suppliers and vendors.

SOLUTION

The proposal involved innovative new processes for greater efficiency and more flexible order and sea transport management. Many technology enhancements were proposed and implemented including EDI, revised order management and faster customs clearance.

RESULTS

- 90% cut in demurrage costs
- Reduced lead times
- Improved inventory management
- Higher productivity in central planning

BACKGROUND

Candy-Hoover is a family-owned multi-brand group of companies, based in Italy. This world leader in the household appliance industry had a turnover of 900 million euros and shipped almost 23,000 TEU containers in 2013. Candy-Hoover products include washing machines, dishwashers, refrigerators and cookers to name just a few. More than half of the company's revenue comes from sales of washing and flooring appliances. Candy-Hoover has grown partly through acquisition, including the Hoover European Appliance Group in 1995. Both Candy and Hoover are internationally recognised brands. Candy represents a wide range of popular, easy-to-use large appliances, while the Hoover name, dominant in its sector for more than 100 years, is positioned at the higher end of the market, focusing on innovative technologies and trend-setting design.

CHALLENGES

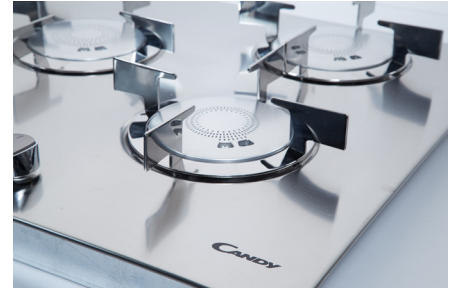
Candy-Hoover sources its products through its own factories as well as third parties, negotiating freight directly with carriers. After relocating a major part of the sourcing to China and Turkey (an increase in international sourcing of 400%), Candy-Hoover was able to see immediate benefits in purchasing and production cost reductions, but needed to keep under control the consequences of extended and more variable lead times, namely inventory level, product availability and administrative workload.

More effective control of the supply chain was needed to keep the competitive advantage of relocation while managing Candy-Hoover's numerous suppliers, including carriers, vendors and receivers. There were 12 sourcing points across China and Turkey and 36 destinations countries in Europe, including Russia.

Different forwarders were being used by the vendors and receivers according to final destination, creating a complex supply chain and unnecessary risk.

Other challenges included:

- Trend of increased variance and requests for customisation meant risk of over- and under-stocking. Inventory management needed further improvement.
- Complexity in planning and managing shipping lines
- Inconsistencies in the approach to ocean carriers
- Port-to-DC (last mile) planning and execution needed improvement
- Reactive contingency planning, instead of having clear processes in place



ABOUT KUEHNE + NAGEL

- Kuehne + Nagel is the world's number one seafreight provider, and number two in airfreight
- Founded in 1890 in Bremen, Germany
- More than 63,000 employees worldwide
- 1,000 Kuehne + Nagel locations
- Presence in more than 100 countries
- Focused on developing lean, sustainable solutions
- Industry-leading, global information network, KN Login, for real-time visibility and monitoring
- Wide range of industry-specific solutions to ensure optimal facilities and expertise for every customer's unique needs, at every point in the supply chain
- Financially stable, publicly quoted company with a reputation for strong leadership and innovation within the global logistics industry

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SOLUTION

The key to a successful solution for Candy-Hoover was the adoption of innovative processes to achieve more efficient and flexible order and sea transport management. Most of the enhancements were process- and technology-driven and included:

- Electronic data interchange (EDI) integration for purchase orders
- Vendor connectivity to enable web booking of orders
- Interactive Delivery Planner
- Document management
- Carriers' invoice auditing and payment
- Support in carrier negotiation
- KPIs introduced relating to carriers, vendors and order fulfillment
- Quarterly business reviews
- Vendor management / discrepancy management
- Control tower in Italy

RESULTS

The improvements were significant and far-reaching. By taking the role of "Integrator Logistics Partner", Kuehne + Nagel was able to provide the agreed solution and complete a very challenging implementation in which Candy-Hoover's goals were met:

- Customer productivity improved 4 times over in a 3 year period, saving approx. 600,000 euros per year in Central Planning
- Like-for-like reduction on demurrage costs of 90% (approx 300,000 euros per year)
- Improvement in on-time shipments
- Reduced lead times
- Stock reductions, improved inventory management

The key differentiators that gave Kuehne + Nagel the competitive advantage were:

- KN Login, our industry-leading 360° visibility and active control platform
- Seafreight: superior operational capabilities
- Global logistics network coverage offered by Kuehne + Nagel gave Candy-Hoover flexibility and the ability to deal with exceptions and unscheduled events
- Sea Transport Management (STM) meant more robust processes in place
- Standard operating procedures: rigorous SOP introduced to establish agreed standards including vendor rules.

"With increased lead times, we needed a new approach to logistics without losing the competitive advantage gained by increased offshoring to the Far East. Kuehne + Nagel's Sea Transport Management and Order Management solutions, as well as the control tower model and its real-time communication with all suppliers along the supply chain, was the answer. We delegate a lot to our logistics partner as the integrator becomes an essential facilitator of our logistics processes."



Davide Guizzardi joined the Candy-Hoover Group in 1999 as Group Transport Manager. Since then he has been Central Europe Logistics Manager, Italian Logistics Manager, Group Distribution Manager and is now Logistics Director.