

Case Studies: Logistics Cost Reduction for a leading Indian Auto Component Manufacturer

We Identified the Logistics Cost Reduction Opportunities and helped the Client realize the benefits through a collaborative effort in Implementing the recommendations



Industry

- Auto Ancillary

Business Scenario

- High Logistics Cost due to a high growth trajectory and focus on Customer Service

Our Solution

- Detailed analysis and interaction to identify the root cause and work collaboratively with the client team to implement the recommendations

Benefits

- Overall Logistics Cost Reduction
- Higher Service Levels
- Increased Efficiency

Background

The client is one of the most diversified groups in Indian Automotive Industry being the largest manufacturer of Automotive Wire Harnesses & rear view mirrors in India and one of the largest manufacturers of plastic components. With a turnover of 2000 crores in 2008, the group boasts of a complex supply chain with 50 Manufacturing bases across 12 countries, a customer base spread across 20 countries with 500 customers and a global vendor base spread across continents

Business Scenario

- As a part of its strategy of focusing on high growth rate and of being customer oriented, little attention was paid on the costs that were being incurred to service the customer order
- Logistics Costs, therefore, had assumed high proportions with high costs of expedites and premium freights
- The client commissioned us for a consultation cum implementation engagement to identify the root causes of the high logistics cost, formulate solutions to lower the costs without affecting the service levels and then work in a collaborative mode to implement the recommendations

Our Solution

Detailed analysis of processes, operating procedures and data helped us identify the root causes and come out with solutions around the following areas

- Dispatch planning process was missing & overall Transport Planning was sub-optimal
- Gap in information sharing between Sales, PPC and logistics leading to very little visibility for the logistics to plan with
- Lack of consolidation of shipments and asset utilization
- Large variation in the negotiated rates leading to sub-optimal rates

Benefits

- Overall logistics cost reduction in the range of 15-20%
- Implementation of planning process leading to higher service levels, reduced cycle times and removal of waste and non-value adding activities
- Greater Visibility provided to the LSPs helping the organization leverage better rates and forging long term relationships