



Case Study

# DYNAMIC INVENTORY CONTROL

Increasing inventory efficiency helps a leading automaker streamline production in Mexico

Automotive

## Challenge

Achieve production transparency for all supply chain partners

Implement integrated solution to manage inventory and deliveries

Reduce obsolete materials and high transportation and administrative costs

## Solution

Design and implement tailored IT platform that:

- Links all supply chain partners
- Provides real-time production schedule, inventory control and streamlines information
- Analyzes statistics, monitors inventory, identifies obsolete material

## Results



Inventory and working capital



Accuracy and timeliness of inventory counts



Transportation costs



Obsolete materials



Line stoppages



Automotive manufacturing is like a well-planned athletic competition. Every play needs to be designed and executed flawlessly by each member of the team.

For one leading international automaker, increasing the efficiency of inbound-to-manufacturing materials flow was the fundamental step in driving peak production performance. And with all the parts that go into a single vehicle, there was no room for a single stumble.

### → The Challenge

With part suppliers, sub-assemblers, logistics providers and transport companies all supporting the production schedule at the automaker's plant in Mexico, collaboration was a major challenge. Without shared visibility and planning processes among all these supply chain partners, it was even more so. Obsolete materials, unnecessary payments and high transportation and administrative costs were too common.

Dispatching special task force teams to work with key suppliers on streamlining their delivery processes was sometimes effective but seldom led to consistent, sustainable performance. "The company needed an integrated solution to manage dynamic inventory levels through each step of the process and effectively coordinate just-in-time deliveries," said Lamar Miller, senior director of automotive customer development for Exel in Mexico. And with three different production processes, 22 suppliers and 300 part numbers, that was no small task.

### → The Solution

Fortunately for this company, Exel had developed a supplier integration system to meet just these kinds of challenges. The system is a specialized in-house IT platform that supports common manufacturing operations — such as delivery sequencing, metering and replenishments of open-bin supplies — for inbound-to-manufacturing automotive environments.

Exel worked closely with the customer to implement a tailor-made, web-based supplier integration system. It links all of the company's global supply chain partners into a flexible, real-time production schedule that streamlines information flow and reduces waste.

With support and training at both the implementation and ongoing operation stages, the system provides much-needed visibility and inventory control. "The system we designed includes a robust database to analyze statistics, monitor inventory and identify obsolete material," Miller said. "And a web portal makes it easy for relevant supply chain partners to be continuously informed of stock levels and just-in-time delivery information."



## Dynamic Inventory Control

**“The system we designed includes a robust database to analyze statistics, monitor inventory and identify obsolete material. And a web portal makes it easy for external parties to be continuously informed of stock levels and just in-time delivery information.”**

- Lamar Miller,  
senior director  
of automotive  
customer development,  
Exel, Mexico

### → The Results

Exel's innovative solution improved the automaker's inbound-to-manufacturing material flow between its supplier park and the plant, and provided a framework for sustainable performance in the inbound supply chain. By improving the communication and information flow across the supply chain, the company has seen considerable advantages.

Specific benefits have included:

- 30 percent reduction in inventory
- More accurate, timely inventory counts
- Reduced transportation costs
- Fewer emergency response situations
- 50 percent reduction in obsolete materials
- Tenfold reduction in line stoppages due to material availability
- Improved supplier response time
- Fewer shipment/sequencing errors



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**Automotive experts:**  
800.272.1052  
consult.automotive@exel.com  
[www.exel.com](http://www.exel.com)

Raising expectations.

**There has never been a better time to reevaluate your inventory control systems.**

**Contact Exel today to learn how you can improve accuracy, speed up delivery time and reduce transportation expenses.**