

Supply Chain Case "Spare Parts Europe"

Case Data:

- Company = Spare Parts SA
- Products = agricultural machines spare parts
 - Active parts: 68.000 pieces
 - Total: 432.000 pieces
- Volumes (per year):
 - Inbound: 3 mln pieces
 - Outbound: 0,5 mln products
- Manufacturing = in Oslo
 - On average 6 inbound pieces make 1 product
- Suppliers:
 - Own factory (1 supplier)
 - 40% of pieces
 - External (30 suppliers)
 - Parts coming from all over the globe (destination Oslo)
 - 2 supplier from US; 28 from China
 - 60% of pieces (50% from China; 10% from US)
- Markets:
 - Europe
 - Outside Europe
 - Total: 2.500 clients
- Sales has splitted up market in regions:
 - Nordic: 10%
 - Central Europe (mainly Germany): 25%
 - France: 25%
 - South Europe: 10%
 - East Europe: 10%
 - Export (to outside of Europe markets): 20%
- Three type of product families:
 - Small size units (smaller than one standard moving box, so smaller than 50cm long, 40 cm wide, 40 cm high): 65% of volume
 - Medium size units (larger than small size unit, maximum size fitting to one Euro pallet): 30% of volume
 - Extraordinary units (larger than pallet, up to 5 m long, 2 m wide, 2 m high): 5% of volume

- Warehouses:
 - Central DC located in Metz, Northeast France
 - Factory warehouse Oslo (responsible for delivering Nordic)
- Flows:
 - Incoming flow = from suppliers to Oslo
 - Outgoing flow = spare parts delivered to clients

- Delivery to client done in 3 ways:

	Budget 2011	Actuals 2011
Main flow *	50%	50%
Weekly	40%	27%
Express	10%	23%

* Main flow (delivery to dealers etc at beginning of season)

Your Situation:

- It is 1 January 2012
- Your group is the Supply Chain Department of Spare Parts SA
- The total logistics spend per year is € 15mln
- This represents 10% of the annual turnover
- The company's annual profit is € 3mln
- You have been newly appointed as the Supply Chain Department

Your Task:

- Your task for 2012 is:
 - Visualize the supply chain as the Board of Directors do not have a clear insight in which supply chains the company has
 - Advise on lowering the logistics spend with 20% or more this year (and expectation is that for next years an annual improvement of 5% will be minimal required)
 - Advise on cost reduction of 10% or more other than logistics spend and reduction with 10% of the CO2 emission during the logistics process
- Your task is to make a presentation to the Board of Directors to:
 - Define the steps that you need to make to fulfill your task
 - Visualize the Supply Chain
 - Tell the Board of Directors what information / data you need to fulfill your task