

World class logistics supporting a premium brand

Unipart has been distributing Jaguar parts to the company's dealers since 1984. Mike Varnom, Director and General Manager of Unipart Aftermarket Logistics explains how the company has kept pace with the iconic auto maker's needs.

The single most important question that you can ask about any automotive supply chain is "what level of service are we delivering to the end customer, i.e. the Jaguar car driver?"

For over 20 years Unipart Logistics has been working with Jaguar to provide the highest levels of customer service by optimising the parts supply chain to the company's 850 dealers around the world.

We provide Jaguar with a full automotive parts service, which includes sourcing, storing, processing and dispatching parts from seven warehouses to some 850 Jaguar dealers, in over 60 countries. Our aim is to ensure we have the right part in the right place at the right time, 24 hours a day, 7 days a week.

The Jaguar Global Control Centre is the focal point for managing, monitoring and controlling the complex Jaguar aftermarket parts supply chain. This state of the art centre brings together people, processes and systems to continuously improve each step of the supply chain and ensure they work together in harmony.

A key objective is to maximise the availability of parts to the dealers from our warehouses. Several years ago, however, Jaguar and Unipart started focussing more on the service provided by the dealer to the end customer. We found that many dealers were not measuring how many cars they serviced right first time on time. When we looked at their inventory we found in many cases that they were holding the wrong profile of parts: some 50% of the stock had not moved in the last year.

We developed a system to provide central management of dealer inventory and set stock policy and profiles for dealers. As a result we have reduced inventories, and achieved a 10 to 20 percent improvement in availability. We now use actual customer demand to pull inventory through the chain.

It is difficult to forecast demand for parts in the aftermarket, with demand unpredictable and over 60,000 parts to manage. Furthermore, suppliers' focus is often on supporting the production line rather than the aftermarket, which means the latter can often get overlooked. Fortunately Jaguar is excellent at emphasising the long term importance of the aftermarket to their suppliers.

After a vehicle has gone out of production we may have to keep supplying parts for anything up to 30 years. That can involve finding new suppliers who can produce parts in the small batches required.

Unipart Logistics is involved in Jaguar's business from a model's development stage through to its launch, and the support continues throughout the whole of a car's lifespan.

By providing a service for Jaguar classic models, Unipart manages the whole-life of the vehicle providing parts and specialist customer support and promoting the brand on vehicles such as the Jaguar E-Type

New vehicle launches need a high standard of accessories and parts support and we need to plan this well in advance. For example, the Jaguar C-XF, which won 'star of the show' award at the Detroit Motor Show, will be generally available in the first quarter of next year. We have been working for 2½ years with Jaguar already to ensure high levels of parts availability to underpin the car's debut.

We have also focused on reducing lead times between our national distribution centre in Coventry and our regional warehouses across the world. Around 40 percent of the parts we ship are destined for the US, which is serviced by two warehouses on either side of the country.

After September 11 a lot of our deliveries were getting held up at ports. At first we diverted supplies to the US via Canada, but that was not satisfactory in the long term, so we set about gaining Customs Trade Partnership Against Terrorism (CT-PAT) accreditation.

Now we can fast track our materials through US customs procedures which has allowed us to consistently reduce our lead times to this key market. We have used radio frequency identification tags to speed container traffic through ports, cutting two or three days off the process in the UK and in New York by using tags to send manifest information at dockside security checks.

Transparency of information is essential to all of this. Several years ago we replaced our mainframe systems with an SAP enterprise resource planning system that gave us a single version of the truth. Coupled with our own customer relationship management system and web-based catalogues and parts ordering, we have streamlined information handling across the business.

But transparency doesn't stop there, it is key to our business relations too. For instance, with suppliers we have instigated a ten to zero system which involves identifying ten key aspects of our relationship with each supplier scored from ten to zero. The aim is to reduce the score in each area to zero by working together to the benefit of both parties.

With over 60,000 stocked parts to manage, reducing waste and taking inventories out across the supply chain is a top priority. Unipart has over 20 years of practical experience of implementing lean across the supply chain and has developed a unique philosophy of working embodied in The Unipart Way that is underpinned by a number of lean tools and techniques that allows us to improve quality and customer service whilst reducing costs and remaining flexible enough to relish challenges that business volatility brings our way.

But continuous improvement never stops. In future we will be encouraging dealers to pre-diagnose the vehicles they are servicing or repairing and place orders immediately

with a preferred delivery date to further improve availability and reduce the inventories they need to hold. To further streamline the process we are also looking to deliver all parts for a particular repair job together direct to the workshop, by-passing a dealers parts departments.