

Ti Consulting: Strategic project to re-structure European automotive inbound logistics operation



The Brief

The Client, a major global automotive manufacturer, asked Ti to undertake a review of its European inbound logistics operations and make recommendations on how it could be restructured to

optimise performance, developing into a 'best-practice' player.

Project Objectives

To undertake a strategic review of the Client's European inbound supply chain with a view to:

- (a) improving efficiencies
- (b) reducing line-feed inventory
- (c) identifying achievable cost savings.

The Experts:

The project team was led by Ti's Head of Consulting, Joel Ray, and leading automotive supply chain expert, Thomas Cullen. Logistics efficiencies of £10 million over a five year period were identified through the implementation of best practice.



Ti's Approach and Methodology

Ti assembled a high level team of senior internal analysts and external consultants with many years experience in automotive logistics operations, technologies and finances.

The team initially undertook an internal review of the Client's European locations, investigating the operational and logistics functions including all in-house and outsourced activities.

Ti's consultants then interviewed a sample of other companies in the automotive sector in order to obtain information on the operational models they had adopted, their logistics strategies and outsourcing policies (including partner providers and contracts). This included pre-agreed KPIs for transport, warehousing and line-feed processes.

This process allowed the project team to accurately assess the effectiveness of logistics functions within the wider automotive sector and identify which companies operated the most efficient supply chains.

In addition to benchmarking the automotive sector, Ti also reviewed the logistics activities of a number of perceived 'best practice' companies operating in other sectors, to establish how companies outside of the

automotive industry operated. This approach enabled benchmarking goals to be set which would allow the Client to improve its efficiencies to the standards of not just automotive but industry-wide best practice.

As well as this, Ti interviewed a number of the key logistics companies serving the automotive segment to better understand their automotive capabilities, USPs, differentiators, strengths / weaknesses and strategies going forward. Having identified key innovators in this sector, Ti was able to set up meetings which allowed them to showcase their solutions to the Client's senior management. These demonstrated to the Client the possible savings and operational advantages which were available in the market.

An extensive 'desk' research exercise was also undertaken. The team had access to Ti's proprietary data resource, Global Supply Chain Intelligence (GSCI), which provided essential background data and analysis on the automotive logistics sector, the key service providers and key industry metrics. This was complemented by a literature review of various publicly available and subscription data resources (such as company web-site data, trade press, etc.).

The Outcome

All of the information obtained from the internal and external reviews, as well as the KPI benchmarking exercise, were analysed and recommendations on potential synergies, cost savings and operational improvements identified and presented to the client.

A new operational model, encompassing the use of a 'Control Tower', was recommended and potential cost saving in the region of £10 million identified over a five year period.

The plan which Ti developed was implemented by the Client and in the first six months it achieved in excess of £2 million savings.