



# DC Optimization

# Automotive Aftermarket

Client is a leading manufacturer and supplier of filtration products for the vehicular aftermarket, bringing together established leaders in the design, manufacture, marketing and distribution of both highway and off-highway replacement parts and services.

## The Challenge

Facility distribution operations had, over time, created sub-optimal practices and policies within the client's master distribution center (MDC). The consulting engagement was created to deliver an assessment of opportunities to charge for value-add services that can be provided at little or no cost – plus to identify other cost savings opportunities that may, or may not, require investment. Valuable warehouse resources at the MDC, especially in the form of space and labor costs, continued to be consumed by an increasing item count and additional "value-add services" requested by client customers. In an attempt to become more "proactive", as opposed to "reactive", regarding these incremental distribution services, management decided to embark upon an initiative to identify potentially new and creative distribution services that can be offered to customers for additional fees or, where possible, for a minimal investment with an excellent return

## The Solution

The solution approach included the following steps:

- On-Site Review of existing Operations
- Analysis of current Value-Add Services and Trends of same over prior 3 years
- Heavy reliance on select data analysis
- Research and Discovery of applicable New Value-Add Services
- Brainstorming Sessions to Determine Feasibility of Options
- Presentation of Final Deliverable Reports and quantified recommendations

## The Value

The analysis suggested optimization steps which resulted in the identification of substantial cost savings opportunities – including increased productivity, improved fill rates, and the implementation of mistake-proof processes. Specifically, 8 recommendations with little to no dollar investment were identified, including 5 quantified within the scope of the engagement as to their ultimate savings/payback. Total savings estimated, on just the 5, was estimated to be 100 times over the cost of the study – with client confirming a large portion of these savings had been realized 1 year later.

Additionally, 5 opportunity areas requiring investment were also brought to light for further study