

One common 'real-time' view improves delivery accuracy and supplier performance



CASE STUDY: LEAR CORPORATION

Lear Corporation needed to ensure transparent communications with suppliers and provide one common view of demand and fulfilment information that all their suppliers could access On Demand. Existing ERP systems could not be updated in real-time and data accuracy could not be guaranteed. Wesupply integrates with the ERP system providing an accurate view of the business as a whole and now provides management with a clear snap-shot of the state of each of its plants. Suppliers now have total visibility of Lear Corporation's requirements and is now forewarned of potential problems and can reschedule accordingly.

BACKGROUND AND CHALLENGES

With three hundred and thirty plants worldwide and a \$14 billion turnover, the Lear Corporation is a global organisation, supplying industry-leading vehicle manufacturers. Lear Corporation is the world's largest automotive interior systems suppliers, with annual net sales of \$15.7 billion in 2003. It ranks as the 16th fastest growing company in America over the last ten years.

A critical business requirement is that Lear's products reach the vehicle manufacturers exactly on-time and in the right quantities: there is no margin for error.

They were challenged with:

- Lack of visibility of where goods were within the supply chain.
- Incorrect and late deliveries.
- High administration costs due to the management of multiple data sets.
- No warning of any 'exceptions' generated within the supply chain, for example mis-shipments, late shipments and mis-receipts.
- High incidence of supplier invoice queries.
- Poor and inconsistent information for supplier performance analysis.

To overcome these challenges effective and clear supply chain communication was essential. Lear Corporation is under ever increasing pressure to improve efficiencies and reduce costs. Recognising these issues, the Lear

Corporation's Ford Division for Europe has adopted a clear vision of employing innovative IT solutions to underpin and support the business. There was a pressing need for the deployment of a supply chain management solution in three of the company's most important plants: Genk in Belgium, and Halewood and its HQ in Coventry, in the UK.

"The plants in Genk and Halewood were green field sites, built specifically to supply nearby vehicle manufacturers. There was an urgent need at both these plants, as well as our HQ, for a supply chain management solution. We wanted to ensure transparent communications with suppliers, who were delivering to us from throughout Europe,"

Archie Henderson, Logistics Manager,
Lear Corporation.

Having investigated several available options, Henderson decided to use Wesupply's On Demand Electronic Trading and Supply Chain Management solutions. "Whilst I had come across some products on the market dealing with indirect procurement, this was the first to enable the day-to-day management of information on direct materials, through schedules and forecasts," he comments.

"The concept behind the solution was to provide one common view of demand and fulfillment information that all our suppliers could access through an Internet browser."

THE SOLUTION

Lear Corporation implemented Wesupply in three of Lear's most important manufacturing facilities in Europe to integrate into Lear's back-office ERP system. Lear's state-of-the-art plant at Genk was selected for the roll-out of Wesupply. The plant is connected directly to the Ford Mondeo factory it supplies, via a 1.3 kilometre overhead conveyor system from the Supplier Park. As

one thousand, six hundred and fifty cars come off Ford's production line every day, there is no time for any hold-ups and production must not be halted at any time.

To allow optimum efficiency and minimise costs, the Lear plant at Genk is designed not to hold stock, relying instead on just-in-time delivery, utilising a 'Warehouse on Wheels' concept. "With paper-based, manual scheduling, this would be very difficult, if not impossible, for our suppliers to achieve," comments Henderson. "In contrast, we were confident that an Internet-based schedule would allow suppliers to understand our exact requirements, simply by accessing a website."

Before the implementation went live it was essential to obtain the support of Lear's suppliers. "In conjunction with Wesupply, we presented the solution and almost all of the suppliers quickly understood the benefits for them," Henderson comments. "In particular, those suppliers based further away from our plants, who face longer transport times, were delighted to have a transparent, real-time view of all changes to our forecast."

Since Wesupply went live the Lear Corporation has already realised significant benefits, according to Charles Lowe, the division's IT director. "Our suppliers now have total visibility of our requirements and equally, we are forewarned of any potential problems and can plan alterations to the production schedule accordingly."

In turn, this gives Lear a much clearer view of supplier performance. "We can see at a glance which suppliers are delivering accurately and on-time, and analyse the reasons why some suppliers are failing to do so. This allows us to work with suppliers to address problems, as well as allocating our supplier spend more wisely in the future" adds Lowe.

INTELLIGENT BENEFITS

The benefits are not limited to the production arm of the corporation. Lowe continues, "The solution allows supplier invoices to be automatically generated

and calculated according to the products that we've actually received. Our suppliers are happy with this, as invoice disputes are reduced, and payment can be achieved much more rapidly."

Another crucial benefit of the solution is the guaranteed accuracy of data within Lear's ERP system. *"In the past, our BPCS ERP system could not be updated in real-time. Our ERP system was gradually becoming unsynchronised with actual deliveries, making the data untrustworthy",* explains Lowe. *"In contrast, Wesupply links directly into the ERP systems, data is automatically updated in real-time, and therefore totally reliable. On a strategic level, this enables an accurate overview of the business as a whole and we can now provide management with a clear snap-shot of the state of each plant."*

Key points:

- Complete visibility of critical demand and fulfilment information
- On-line and accurate deliveries
- Reduced administration costs due to one common view of demand and fulfilment information

- Automatic 'Alerts' to highlight any exceptions in the supply chain, for example mis-shipments, late shipments and mis-receipts
- Reduction of invoice queries due to accurate and agreed information from both Lear and its suppliers
- Accurate information to analyse a performance of the supply chain in areas such as delivery timelines and quality

VIEWPOINT

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Charles Lowe, IT Director, Lear Corporation