

The case study

This approach was taken with a leading global aerospace manufacturer:

The thyssenkrupp Aerospace planning team reviewed the customer's demand forecast for cut-to-size tube and bar and following an electronic upload was able to use its planning software to compare the future with its historical usage.

This enabled forecast accuracy and other variables such as mill lead times to be established and an initial forecast by part number was produced.

It was agreed that the customer's inventory should be reduced to one week. To support the change, thyssenkrupp Aerospace agreed to carry a buffer to instil confidence and buy back the customer's excess inventory.

Within 6 months of the change this buffer was reduced and the increase in confidence encouraged the customer to out-source the first stage of processing which resulted in reduced material use and improved process flows.

Key benefits

- Inventory reduced from 6 month usage to 5 days worth €2.1 m
- 1,000 m² (10,000 ft²) of storage and processing space converted to high-value assembly space
- On-time delivery and right first time quality consistently exceeded 99%



Materials costs reduced by 5%

Materials Services Aerospace

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Materials Services Aerospace

Raw material inventories



thyssenkrupp



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As credit has tightened, a company's need to generate cash has never been greater. However, because customers and suppliers are in the same position, the traditional approach of "pay late and get paid early" doesn't work.

Companies have therefore looked at other approaches including reductions in material inventories.

The problem is how to achieve this without disrupting production.

To meet production needs, a company must have sufficient material to meet its usage and at the same time to provide a buffer against variations caused by sudden changes in supply or demand.

In reality, because of poor analysis or a lack of trust in supplier performance, companies also carry further inventory on a just-in-case basis.

The process...

By working closely with customers, we have been able to develop some advanced tools which simplify analysis. We use these to devise novel supply arrangements, which result in significant inventory reductions combined with high standards of on-time delivery performance.



...to a customized solution

- The manufacturer enters parts requirements into joint EDI system.
- At thyssenkrupp Aerospace, operators prepare parts in accordance with the agreed service level agreement.
- Material is packaged to protect components.
- Material is delivered to the manufacturer's point of use.
- Full online visibility of parts inventory and min./max. levels.

