

The case study

A leading aircraft manufacturer approached thyssenkrupp Aerospace to set up a vendor managed inventory (VMI) system.

Together, the situation was investigated in great detail and it was concluded that a more robust solution could be provided by extending the scope of service to cover parts storage and kitting. A joint project team designed a process using tried-and-proven systems and processes developed by thyssenkrupp Aerospace. The basic idea was for all the suppliers to deliver their supply consignment stocks to a warehouse but still have full visibility of materials via a supply chain database.

The open online part tracking system enables the parts suppliers to check on their consigned finished parts stock and allows the customer to review the min/max stock position and the 3rd party suppliers delivery performance whenever wished.

The digitization of documents leads to reduced use of paper and supports the "green initiative". thyssenkrupp Aerospace established the warehouse near the customer's assembly line to enable kits to be delivered to the customer on a just-in-time basis without logistical disruptions.

Key benefits

- Additional 4,000 m² (43,000 ft²) space freed up for customer's core manufacturing activities.
- No production delays with 100% on-time delivery performance
- Elimination of lost parts
- Visibility of 2,100 stockkeeping units (SKU) and their min/max level online
- Management and supply of a wide range of dissimilar products through a common process
- The development of kits to the point of use on a consistent basis
- Reduced cost
- Improved replenishment process
- Lab sampling
- Over € 12 m throughput with less than € 20,000 loss or damage
- Redeployment of customer's receiving staff
- Improved outbound spares performance
- Electronic copies of source documents one click away

Program success has encouraged the same customer approach at a new site in another country.

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Materials Services Aerospace

3rd party logistics



thyssenkrupp

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The challenge

Optimize finished parts flow

The competitiveness of aerospace companies is increasingly determined by the efficient sourcing and flow of 3rd party components to the point of use.

3rd party component production and logistics, if not properly coordinated, can result in:

- Excess or unbalanced stock
- Incomplete kits
- Costly firefighting
- Wasted production time
- Increased production lead times
- Line stoppages

A worst case scenario could be that such problems actually delay the assembly of finished products.

The process...

- The Original Equipment Manufacturer (OEM) Procurement enters next day's parts requirements into EDI System. EDI pull signal is received from OEM and inputted into thyssenkrupp Aerospace system.
- WMS system intelligence chooses the "pick path" for optimum efficiency and requirements are accessible via handheld devices.
- Operators pick parts in accordance with assigned "pick path".
- Parts are packaged to protect components.
- Parts are placed on line for one-piece flow (size allowing).
- Parts are assorted into assembly kits for point of use delivery at OEM.
- Parts and kits are loaded for daily shipments to OEM.
- Full online visibility of parts inventory and min./max. levels.



...to a customized solution

thyssenkrupp Aerospace has a reputation for experience in delivering material supply and 3rd party logistics solutions for finished parts to the world's leading aerospace companies.

The systems and processes we operate have been developed and tested over time and continue to prove their worth on a day-to-day basis.

In essence, we provide the following solution which is tailored to suit the individual needs of each customer:

- Consultation – to fully understand the exact situation and design a tailored solution.
- Project management – to plan and implement the agreed solution.
- Open systems – to communicate forward demand requirements, to provide easy access to inventory levels visibility for easy monitoring.
- Goods receipt inspection.
- Storage, picking, cutting, inspection and packing – located close to the customer.
- Delivery to the customer's point of use on a just-in-time basis.
- Key performance indicators (KPIs) – for monitoring and development of the process.
- Purchasing.
- Vendor management.
- Transportation.
- Customs report.

All of the above elements can be combined to provide a complete "turnkey" solution. The following case study explains in detail how the above was agreed and implemented for one satisfied customer.

