



Delivering your strategy.

Case study:

GAC Thailand's in-plant logistics services for a Tier 1 automotive parts manufacturer in Rayong, Thailand



Client

A Tier 1 automotive parts manufacturer in Rayong, Thailand

Situation

The client was not happy with its in-plant contract logistics provider of 6 years, and called for a tender which did not include the previous provider. GAC beat other reputable contract logistics companies to win a 3-year contract from the client.

Client challenges

The client needed a facility near its assembly plant for storage of its parts. GAC has to manage the client's supply chain from warehousing to delivery of the parts to its assembly plant as well as the finished products to its customers located throughout Thailand. The client did not permit the interfacing of the two companies' systems or a two-way electronic data interchange (EDI) data transfers, but requires daily status reports and monthly KPI reports.

- Need for a storage facility near the client's assembly plant
- Need to make necessary changes at short notice, as and when the client announces a shift or changes to its assembly plan for that shift
- Client did not permit the interfacing of systems or 2-way EDI data transfers
- Stringent daily and structured reporting process and detailed KPI reporting on a monthly basis
- Contractual obligation to use the forklift trucks rented by the client throughout their rental period
- Provision of resources for 24/7 JIT delivery to client's key customer (up to 1,400 trips per month)
- Provision of delivery service to all client's customers throughout Thailand, including emergency 'spot hire' deliveries
- Manage and recover JIT delivery operations following any accidents or incidents on the road at the client's premises



GAC's contract logistics solutions

GAC analysed the existing operations and processes, identified areas for improvement, proposed changes to work flow and fine-tuned processes. While taking the necessary actions to address the issues, GAC's codes of practice for ethics, conduct and HSSE were also being implemented. Our proprietary warehouse management system, GACWare not only caters effectively to the client's requirements, it makes interfacing easy.

- Acquired, commissioned and operated 24/7, a 4,000sqm warehouse located not more than 10km from client's assembly plant. Installed and use client-owned pallet racking transferred from previous service provider.
- Developed a full parts transfer schedule from warehouse to store to the client's seven assembly lines, and made sure that all relevant parties in GAC and the client production teams were kept informed of all the details.
- Proper sequencing of the finished products picking and loading for JIT delivery to client's major customer.
- Provide web-based access to all inventory transactions to client's authorised staff.
- Undertake daily cycle counts at the warehouse and store and report results on a daily basis. Generate daily and ad-hoc inventory reports for the client's Materials Team.
- Provide and manage the operation of 4 x 6 wheeler trucks with specialist bodies and jig mounted beds on a 24/7 JIT delivery basis to client's key customer, up to 1,400 trips per month.
- Initiate regular meetings with client to update them of progress, including a formal performance report presentation made in the presence of the GAC GM and the client's senior management team.



Results

An improvement in the overall efficiency of the operations has led to a reduction in overhead costs, an elimination in picking errors as well as more optimal use of the storage areas.

- Reduction in contract headcount of 14% through:
 - Improved processes and collaboration
 - Introduction of GAC Materials Management function
 - Transfer of stores activities to GAC warehouse
 - Elimination of double entry into customer and GAC systems through GACWare
- Elimination of use of 2.5-tonne forklifts inside plant. Replacement with revised handling media including pedestrian stacker trucks has led to reduction in:
 - Number of forklifts in use
 - Travel speeds in plant
 - Number of accidents/incidents
- Reduction in store area by 67% through:
 - Transfer of parts from store to warehouse
 - Introduction of GAC Materials Management function
- Revised markings for FG dollies to eliminate potential sequenced picking errors, which could result in serious issues for our customer
- Introduction of automatic "Stock Alert" online report to customer Materials Team has resulted in the reduction of:
 - Stock outs
 - Number of and therefore, cost of airfreight shipment
- Resultant additional work being awarded by the client:
 - Kitting for the remaining additional assembly lines in the plant
 - Additional processes and operations for the sequenced picking and delivery of finished goods to the customer's key customer

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