

## LAA LTD SITE VISIT – AUGUST 29 2007

CEVA Logistics, the 3PL partner for Mitsubishi Motors Australia Limited (MMAL) at their Clovelly Park S.A. car assembly plant, conducted a site tour of their warehouse operation that supports the MMAL. This tour also included a tour of the MMAL assembly operation within the plant to demonstrate how they support the operation.

The tour started with a welcome and presentation on the processes and solutions that CEVA implemented. Various MMAL staff was also present to assist the information transfer.

MMAL with the planning for the new 380 model wanted to resolve the issues they had with their own internal logistics and warehouse operations. They suffered from significant part shortages, stock write downs, manual inventory management, excess stock, fragmented stock holding locations and no knowledge of where the inventory they did have was held. MMAL realised that this need to be fixed as well as they wanted to remove forklifts from operating within the assembly area. Planning for the 380 model meant a changed sourcing strategy with a move to “best global sourcing” (BGS). This meant longer lead times for some parts and with this the requirement to hold more inventories to support the plant in case of shipment delays. Mitsubishi had strong motivation for change.

In 2005 CEVA Logistics offered MMAL a constructive solution to the MMAL issues. MMAL have a SAP system. CEVA put together several systems to support an ambitious reengineering of the old processes. CEVA manage the in bound parts from all sources and to do this they developed “Matrix”, a web based system that interfaces with Suppliers and MMAL’s SAP system to control the information and material flows from suppliers to the assembly plant. They implemented “WIMS” (warehouse integrated management system) to manage the warehouse and inventory transactions at the plant level. One extremely interesting innovation was the “ELINE” electronic kanban system to implement a “pull” signal as the plant required parts line side. Every two hours the stock at line side is checked and if replenishment is required then a scan of the part identifier label will send this pull signal to the WIMS system to initiate a pick and delivery.

CEVA have completely integrated with the MMAL staff working line side. CEVA staff delivers the required parts directly to the work area at the line. CEVA control 1,736 parts, of which 220 are decanted (taken from their original packaging) and presented in a special container. There are 29 “sequenced commodity” parts and within these 29 parts there are 179 variants (for example various grill types). There are 300 delivery locations within the plant that are supported by CEVA.

The tour of the warehouse and MMAL’s assembly area was very interesting. The electronic kanban system and how it meets the line side pull for parts was a highlight.

The tour finished with a presentation by MMAL and a description of how successful the partnership with CEVA has been.

The plant operates with 1 to 3 days of local supplier inventory, 3 days for parts sourced from Japan and 5 to 12 days for the “best global sourcing” items.

Mitsubishi wanted two main things from the outsourced relationship with CEVA, this being to eliminate line stoppages and shortages. The detail KPI data that was shared with use demonstrates that this has been achieved.



All those who participated in the tour found it informative and rewarding. Our thanks go to CEVA Logistics, Paul Cain and Peter Ayres, for the instructive demonstration of the MMAL offering. Also many thanks to Mitsubishi for access to the assembly line and the value contributed by their staff.