

# Prompt deliveries, fewer transport movements and better cash-flow

A new, global approach to the distribution network for Volvo Construction Equipment's plant in Belley, Southern France, halved the number of transport movements, cut the total distribution costs and resulted in a considerably improved cash-flow. Or as to quote a customer representative: "The most successful implementation ever."

## Challenges and customer needs

The Belley plant East of Lyon manufactures nine models of compact excavators in the 1.5 - 5 tonnes range.

The challenge was to create a rational Pan-European distribution system enabling increased load utilisation and decreased individual transports. The target was to reduce the total distribution cost by 10% and the time from approved product to shipping by 50%, minimise the administration and gain full control of the distribution flow and cost.

## Our solution

The basic concept was based on the selection of fewer carriers covering wider geographical areas and to provide them with larger volumes each. By doing so they also were given the responsibility to plan joint loading, transport routes etc. for the optimal delivery.

To make this possible and gain full control of the distribution, the Belley plant's ordering system was connected to Volvo Logistics delivery system A4D, which is accessible by the carriers. By feeding a 14 days rolling shipping forecast into the system the carriers can plan their transports and when the unit leaves the assembly line it will appear on a dispatch list. The machine shall be picked up within 48 hours from that time and the transporter confirms the load dates and times, plus/minus one hour, via A4D.

The trailer number is reported into A4D by the transporters, which makes it easy to

track and trace the transport for trucks equipped with Dynafleet – which most in this transport system are. When the unit leaves the plant the final customer is advised by e-mail and the invoice is sent.

## The result

The aim was to reduce the transport cost by 10% and the confirmed result was 15%. The number of individual transports was halved with corresponding positive environmental effect. Also the goal to reduce the time from final assembly to shipping by 50% was well achieved. The average time is now 0.8 days. An effect of this was that invoicing could be done earlier which in turn resulted in considerably improved cash-flow. Finally, the Belley plant gained full control and transparency of the distribution cost and the administration was minimised.

## Success factors

The close cooperation and trust between Volvo Logistics, the customer and the transporters in combination with an open-minded approach to the customer's specific conditions lay the foundation for developing new solutions. Everyone saw this as a win/win project and there are plans to expand the concept to other European plants.

## More information

If you want to know more about this Success story or discuss how we can help you in a similar way, please contact us. Contact details: [www.volvologistics.com](http://www.volvologistics.com).