

Attention to every detail in the supply chain pays

Cost savings corresponding to 8-9% of the plant's external logistics cost. That's the outcome for the logistics improvement programme at the Volvo Powertrain gearbox factory in Köping, Sweden.

Challenges and customer needs

The Köping plant is a part of Volvo Powertrain, which develops and manufactures engines, gearboxes and driveshafts for heavy applications. The company is the world's largest manufacturer of diesel engines in the 9-18 litre range.

Our task was to reduce the Köping plant's logistics costs by 4.7 MSEK. The challenge was to achieve this in a system that already worked very well.

Our solution

The project was carried out as an in-depth study of the total logistics flow from the suppliers to the Powertrain plant and forward to the vehicle factories. The approach was to fine-tune the system by finding possible improvements in every detail – big or small.

Workshops were used to identify potential improvements and savings. Improved communication between all parties was shortly identified as a key factor for other improvements. This resulted in better communication routines, in order to eliminate disruption due to misunderstandings or lack of information.

The single largest cost saving was achieved by collective transports purchasing combined with optimisation of transportation frequency and minimising of empty movements. Other important parts of the fine-tuning programme were the development and implementation of a new packaging strategy and improved routines for continuous follow-up and evaluation.

The result

When the project was evaluated at the end of 2008, the target was exceeded by 36%. The achieved savings came to 6.4 MSEK corresponding to 8-9% of the plant's external logistics cost.

Success factors

The combination of a strategic approach and extreme care for details throughout the supply chain and the close cooperation with the customer.

More information

If you want to know more about this Success story or how we can help you to become one, please contact us. Contact details see www.volvologistics.com.