



Supply Chain Transformation

Project Overview

A multi-billion dollar client's autonomous hauling system is an emerging business, poised for growth with planned offerings for several machine products. While there is an existing supply network for certain system products, solutions for other mining products are being designed and developed. The client tasked CGN Global, with conducting a comprehensive review of their existing supply chain, and identifying redesign opportunities that create a lean and effective supply chain network, fulfilling the upcoming demand requirements.

Business Objectives

There were two project objectives:

- Assess current supply network's capabilities to meet the demand forecast
- Define the best possible future state of the supply network and design a holistic end-to-end lean supply chain network for the outlined set of suppliers and corresponding parts

Business Challenges

A quick review of current practices indicated complex material movement from suppliers to intermediate staging areas to the final customer destinations. Component forecasting policies did not align with the customer demand pattern. Suppliers quoted longer prototype lead times that further impacted the service to the customers and resulted in excessive inventory. Furthermore there were capability and capacity issues within the existing programs.

CGN's Approach

CGN deployed its end-to-end supply chain network transformation methodology, identifying improvement opportunities. Using CGN's supplier procurement framework, we identified the critical suppliers for lead time reduction discussion. Interviews were conducted with category buyers to negotiate and update lead times in the purchasing system. Network optimization tools were deployed to determine safety stock levels at each staging location. CGN conducted a comprehensive TCO analysis for a current and future supply network, as well as for optimization scenarios to determine the most cost effective option.

Results & Conclusions

- Defined a lean and optimized supply network
- Defined target order-to-ship period for each product along with customer service level expectations
- Recommended appropriate safety stock levels at stocking locations that will reduce inventory carrying costs
- Reduced lead times for 50% of the components that had lead times greater than the target
- Provided recommendations for further LT reduction by stocking at existing facilities
- Presented recommendations on reducing crate size for outbound cargo, complying with domestic cargo regulations at customer locations
- Recommended new kitting location with sufficient capacity for projected volume

Our Expertise

The Supply Chain Transformation methodology we use at CGN is a proven approach toward improving operational performance regardless of the issue causing the problem or the solution needed to fix it. Most organizational problems have an unnoticed ripple effect across the company – affecting operations, the end product and eventually customer satisfaction. Our experience and expertise in Supply Chain allows us to quickly and accurately identify key opportunities, detect the causes at the most foundational level, and provide/implement the solution to improve overall organizational effectiveness.

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