

Expedited Logistics Solutions

Auto Parts Suppliers Find Efficiency and Value in Expedited Logistics Services

The good news for Tier I and Tier II auto parts suppliers is that most are operating at near-to-full capacity levels. The auto industry is on track for a period of sustained growth, with U.S. sales expected to break records during 2015. But cars coming off today's assembly lines are increasingly complex – full of complicated parts, electronics, and consumer-friendly technology devices. And cars are also coming off assembly lines that are located worldwide as production has increasingly shifted to China, Mexico, India, and other low-cost countries.

These manufacturing changes have had a significant effect on suppliers. Suppliers have had to adapt to ever-changing product inventories while simultaneously face pressure to cut costs and reduce production cycles and transit times. Suppliers have also had to develop strategies to meet manufacturers' precision-like Just-In-Time (JIT) and Just-In-Sequence (JIS) manufacturing demands.

Not surprisingly, many suppliers have realized their current logistics strategies and supply chains cannot meet these expectations. Instead, a growing number of suppliers are turning to expedited services as a preferred solution. Suppliers are drawn to the services' on-time delivery guarantees, high levels of customer service, and the wide range of services an expeditor can provide.

The issue is discussed in detail in a new white paper from Purolator International, *"Expedited Logistics Solution: Adding Efficiency to the Global Automobile Parts Supply Chain,"* a copy of which can be downloaded by clicking [here](#).



An expedited logistics solution can help auto parts suppliers provide shorter lead times and on-time global deliveries.

Among the parts industry's key challenges:

- **Need For Flexibility/Adaptation.** From hybrids to electric cars to highly "connected" vehicles, today's parts suppliers are tasked with developing and delivering a more diverse array of products than ever before. Analysis from Pricewaterhouse Coopers noted that the ever-changing product portfolio of automobile manufacturers highlights the need for customization and flexibility among suppliers.
- **Globalization Of The Supply Chain.** With an eye affixed firmly to the bottom line, many suppliers are moving production to lower-cost countries and to countries nearer to end-customers. The Boston Consulting Group predicts a 22 percent decline by 2019 in the number of suppliers with manufacturing sites in Western Europe, Japan, and the United States. Instead, the research firm expects a continued increase in the number of manufacturing plants located in China, Mexico, Eastern Europe, India, and other developing Asian countries.

- **Tightened Delivery Schedules.** Automakers have almost universally adopted carefully orchestrated Just-In-Time manufacturing principles in which parts arrive at the assembly line precisely on time and in exactly the right quantity. And, more recently, manufacturers have also adopted “Just-In-Sequence” (JIS) principles in which parts arrive in the right order. Parts arrive in a specific order and workers unpack them directly from shipping containers. Each part is then installed without a worker having to stop to look for a particular part or in any way halt the production process.
- **Vulnerability To Weather/Natural Disasters.** As the whole world became aware in the aftermath of the 2011 Japanese earthquake and tsunami, the auto parts supply chain is just one natural disaster away from significant disruption. The disaster also exposed the vulnerability of the industry’s Just-In-Time production strategy, which left manufacturers with scarce inventory supplies to tide them over until suppliers could relocate production.

Expedited Services – The Preferred Logistics Solution

An increasing number of suppliers are turning to expedited services as their preferred logistics solution. Among the service’s benefits:

- **Guaranteed Delivery.** Whether a shipment requires an urgent intercontinental transportation solution or time-certain delivery within the United States or North America, there is an expedited solution for every scenario. Although expedited services are generally associated with air service, expedited ocean and truck solutions are also available.
- **Sequencing/Fulfillment Services.** Auto suppliers face intense pressure to meet manufacturers’ strict Just-In-Time production schedules along with requirements for parts to be delivered in the precise sequence in which they will be used. An experienced expeditor will be able to manage these shipment preparation and delivery demands. An expeditor will use manufacturers’ precise sequencing schedules to assemble kits, which will then be delivered to the manufacturer at the precise time.
- **Globalization Issues.** An expedited logistics provider will offer hassle-free service across international boundaries and seamless clearance through local customs processes. At a minimum, a qualified logistics provider will ensure that an expedited shipment arrives at a customs checkpoint with all paperwork ready to go and, where possible, already prefiled. All taxes/duties/fees will be paid in advance, and the shipment will be in compliance with all security and “other government department” mandates.
- **Inventory Management.** Now more than ever, parts manufacturers face the unpleasant distinction of producing technology/electronic-based products with very short life cycles that lose value quickly. Having the capacity to accurately forecast demand is important, but so is the ability to move existing inventory quickly to where it is needed. With an expedited plan in place, an account manager has full visibility into global inventory levels and the capability to move products accordingly.

To learn more about these and other supply chain innovations, visit www.purolatorinternational.com/whitepapers to download Purolator International’s white paper: *Expedited Logistics Solution: Adding Efficiency to the Global Automobile Parts Supply Chain*.