

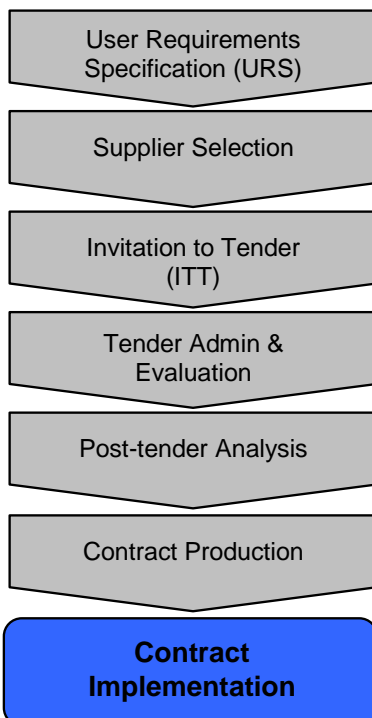
DISTRIBUTION OUTSOURCING – AUTOMOTIVE MANUFACTURER

CLIENT BACKGROUND

Having outsourced their in-house distribution operation three years earlier, a global automotive parts manufacturer was conducting their first re-tender.

Although they were unhappy with both the levels of service and the costs of their existing provider, they had determined that a UK based operation was necessary to serve their aftermarket customers.

They had, therefore, embarked on a tender process inviting three potential providers, including the incumbent, to provide a UK-wide solution encompassing both their OEM and



aftermarket customers.

However, their initial Invitation to Tender (ITT) provided only an informal specification of requirements. This led to a variety of responses from the suppliers, which prevented an objective comparison. The client turned to Harold Whitehead & Partners (HWP) to assist them in both reviewing responses and determining the best way forward.

APPROACH AND METHODOLOGY

HWP proposed a three phase approach:

- Firstly, to evaluate responses to date against the existing cost base, using the assumptions proposed by the three suppliers, in order to achieve an objective comparison of supplier responses and identify information gaps.
- Secondly, to model existing transport requirements, in order to determine the appropriate fleet composition and compare this to supplier responses.
- Thirdly, using the outputs from the cost comparison and transport modelling, to produce a set of common assumptions which the client was able to feed back to the suppliers to obtain a like for like response from each of them.

Coincidentally, the client had just won a significant new contract. This additional volume could also be included along with assumptions regarding delivery optimisation to obtain the most cost effective response from the three suppliers.

RESULTS

As a result of detailed analysis and evaluation, HWP were able to both produce an objective comparison of supplier responses and identify deficiencies in information.

Formalising the process in this way not only enabled the client to make an informed decision but also allowed them the flexibility to introduce the new contract volume. More importantly, it enabled the client to evaluate the effect of different pricing mechanisms, which led to an overall reduction of 15% in distribution costs.

Harold Whitehead & Partners

Harold Whitehead & Partners enable our clients to achieve their strategic objectives and improve their operational effectiveness and profitability, by successfully implementing their change initiatives.

Founded in 1929, we are the longest established, independent, professional management consulting firm in the UK. The profile of clients and consulting activities has changed over time but our commitment to harnessing expertise, delivering client-focused results and applying acknowledged standards has remained constant. As Harold Whitehead himself put it in 1923, focused professionalism and the positive qualities of "service and constructive suggestion" still hold true for us today.

Another of his principles that has stood us in good stead is to never pre-judge or assume. Every organisation is unique and the decisions they face are specific to their particular situation. This precept is central to our approach and, based on it, we have delivered benefits worth many millions to our clients and provided savings many times in excess of project costs.

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