

The North West Company (B): Supply Chain Management

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International Automotive company (IAC)

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- Fifth largest family owned company in 2009
- Four core principles of success including quality, value, technology, and stability
- 26,000 employees located in 90 plants in 20 countries
- The company produces window regulators, door systems, seat systems, closure systems, and electric drivers
- Customers include some big automobile companies as BMW, Nissan, and Toyota
- This Analysis is focusing on IAC Reynosa plant

Trigger

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- In 2008, US\$12 million losses, approximately US\$1 million each month

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Analysis

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- SWOT analysis to identify strengths, weaknesses, opportunities, and threats
- Pareto analysis to identify the main causes of majority of problems
- Cause-and-effect diagram to identify the root causes of the issues

The results indicated that the major weaknesses were caused by **poor supply chain management**

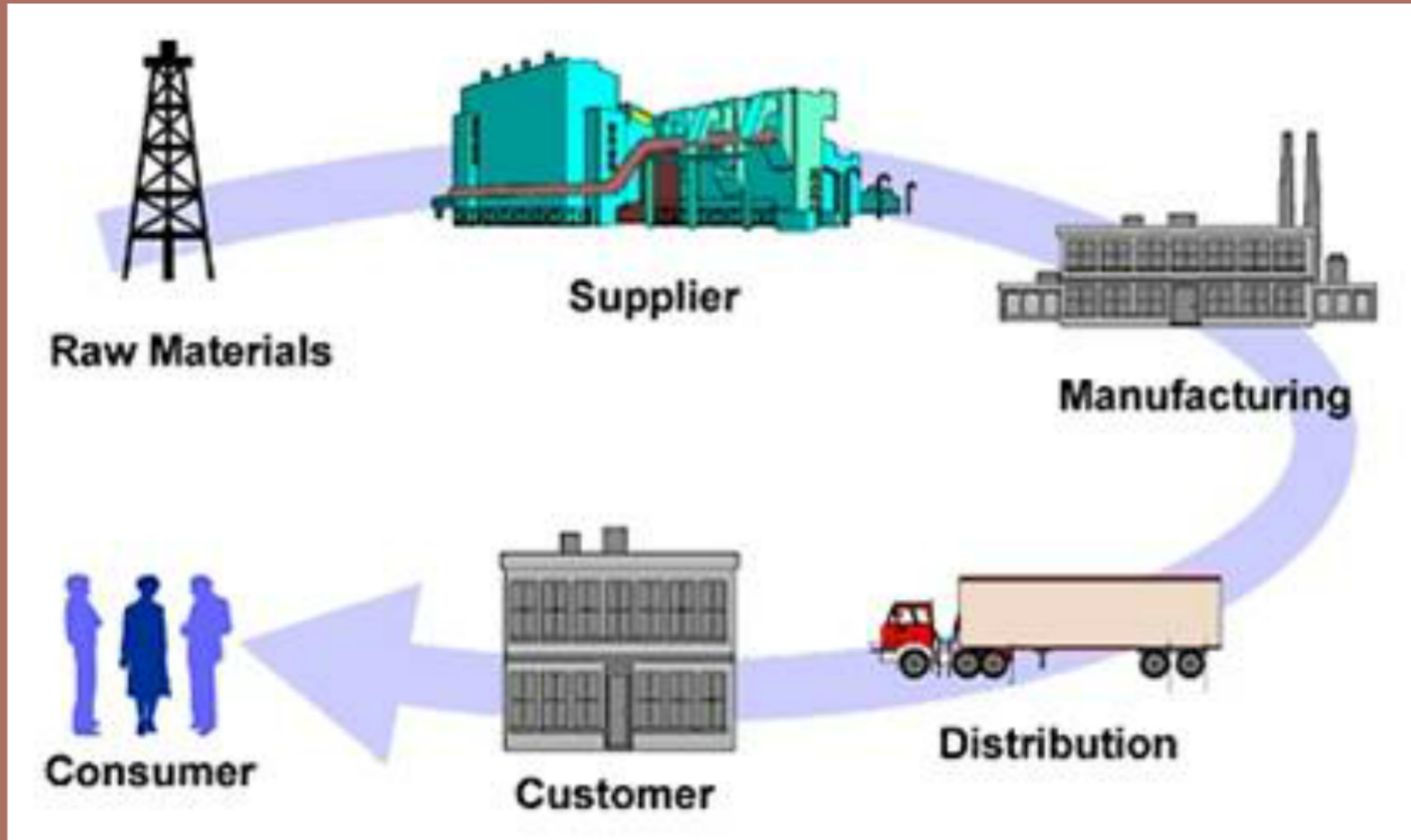
Supply Chain Management

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A group of approaches implemented to efficiently combine suppliers, manufacturers, warehouses, and stores in a hope to produce and distribute merchandise with right quantities, to right locations, and at right time in order to minimize the cost while meeting the minimum requirements



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Inefficiencies in IAC's supply chain management



Premium freight

- From January 2009 to April 2009, the company spent US \$5 million on premium freight
- The cost of premium freight was approximately 10 times higher than regular freight transportation

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Why?

- Lack of good coordination between the buyer group and planning group in the logistics department
- Transportation planning, which used to be done manually by only one person