

Case Study

Forecasting and Replenishment



Driving Supply Chain Excellence at Mitsubishi

Results

- Improved customer service while reducing inventory levels
- Can analyze supply chain trouble spots to resolve issues that impact performance

High service expectations

Supply chain plays a critical role in making sure Mitsubishi Motors North America, Inc. (MMNA) has the necessary accessories and service parts on hand to meet its customers' needs. "Customer service is integral to MMNA's overall growth strategy. A big factor in satisfying our customer base is to make sure the right part is delivered at the right time in order to meet our customers' high service expectations." - **Senior Manager, Parts Supply and Planning, Mitsubishi**

Challenges

- Mitsubishi focuses on three key performance indicators (KPIs) that are essential for achieving a high level of supply chain excellence, namely, the ability to meet customer service levels, on-hand inventory objectives, and forecast accuracy targets.
- MMNA's old forecast module had only one algorithm that was applied to all parts whether they were fast-moving or slow-moving parts, which didn't work well for achieving their KPIs. "It was difficult to perform analytics on our inventory business."
- "We needed a forecasting tool that was flexible and could support the rigors and stock-keeping unit volumes of an automotive original equipment manufacturer."

Increasing forecast accuracy

Forecast accuracy was a key objective for MMNA meeting its goal of achieving higher service levels for its customers. "By transitioning to Luminat™ Planning, it's opened up a whole new world on the forecasting side for us. We can now take advantage of the multiple algorithms in the system and apply those algorithms to different segments of parts."





Supply chain analytics

The new technology has armed MMNA's users with greater analytical capabilities to improve its forecasting process, resulting in inventory reduction for certain parts and improvement to the company's overall service levels. "With access to more data than we ever had in the past, our users are able to analyze and identify trouble spots in the supply chain. It has allowed them to dive deep into problem areas, tweak forecasts where needed, and resolve potential negative impacts to the company."

Handling new product introductions

One of the primary benefits of the implementation has been its positive impact on MMNA's New Part Introduction (NPI) process. "When we launch a new vehicle model into the marketplace, we must take certain actions to ensure that we have enough material to support the new model launch and satisfy customer demand. By developing the NPI process with Blue Yonder, we've been able to improve our service levels."

Cloud implementation

The new capabilities were deployed via the Cloud in just three months. "Being on the Cloud has provided the company some financial benefits because we didn't have to invest in hardware, which eliminated maintenance or upgrades to the hardware to keep it running. It has also enabled our users to resolve any issues or changes in a quick timeframe."

Advanced training

In addition to the standard software training, MMNA worked with Blue Yonder's education services to provide more in-depth forecast training for its users. "As a result of the week-long training, our users' forecasting knowledge has improved from novices on

the system to some pretty advanced users. They now have a thorough understanding of all the different algorithms and which specific algorithm should be applied. It was a very good investment."

Solution benefits

- Improve customer service while reducing inventory levels through more accurate forecast algorithms
- Ability to analyze supply chain trouble spots and resolve potential negative issues before they impact company performance
- Improve service levels during new product introductions for greater customer satisfaction

Blue Yonder expertise

MMNA relied on Blue Yonder services throughout the implementation process to improve outcomes. The Blue Yonder consulting services team helped identify the requirements and provide guidance on the rapid implementation process.

"We participated in the business process redesign to make sure that we understood what we needed and then how Blue Yonder could deliver for us on the business process rules that we established. It was a very fruitful engagement."

 Luminate Planning

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