

European Motor Distributors

“Kiwis love their European cars - and the number we’re seeing on our roads grows exponentially every year. Interlogic’s MultiPick[®] is helping European Motors Distributors keep pace with the nation’s growing demand for parts.”

EUROPEAN MOTOR DISTRIBUTORS

Together, Interlogic and EMD are also achieving something of a world-first; by developing a customised warehouse management solution for the fast-paced requirements of the automotive industry.

About European Motor Distributors

European Motor Distributors (EMD) is a parts arm of the wider Giltrap Group, an iconic name in New Zealand’s motoring history. EMD is responsible for four of the Group’s marques – Volkswagen, Audi, Skoda and Porsche.

Douglas Blair, EMD’s Parts & Distribution general manager, explains the background to their business expansion.

“Demand for all those marques is very strong. Volkswagen grew by around 30% last year, for instance. We’re seeing more and more Kiwis choose our brands – adding to all the vehicles sold in previous years – so the service we provide to those vehicles is increasing exponentially.”

And as Douglas Blair points out, strong after-sales service is just as important as sales.

“If you don’t have a strong after-sales service, you won’t sell as many new cars. New car buyers of our brands expect first class service. So those two things go hand-in-hand. The growth of our brands in NZ has seen a doubling in demand for the Parts business in less than 10 years, and this pace is set to continue.”

With such massive growth on the horizon for EMD, they realised several years ago that the whole infrastructure of their business needed to change. Hence the move, in mid-2013, from their former Grey Lynn premises into a 6,000sq ft warehouse distribution facility near Auckland Airport.

Mission impossible

Next came the difficult part. How do you move an entire business, and install new technology, while continuing to get your product out the door? As Douglas Blair explains, taking time out to shift to the new warehouse was not an option.

“If there are no parts available, vehicles are kept off the road. Our dealers can’t tell their customers not to come in for a month - they need their car fixed. That’s the reality, and we just had to find a way around it.”

“Our team is very good at running a warehouse, but none of us are experts in setting one up from scratch. We needed specialist help from someone with a broad range of skills in logistics.”

Scott Kerr, of Kerrect Logistics, was contracted in to assist with the project management for the entire process – including design of the new warehouse layout; and tendering for equipment, materials and racking.

With everything meticulously planned, the EMD team achieved their mission impossible – trading over two sites for a four-week period, and shutting down for just one day.

It also took some ingenious thinking from the Interlogic team, who set up an off-site test database six months prior to the move. Working with key members of the EMD team, Interlogic developers effectively created a ‘phantom database’, and transferred all stock across in preparation.

“I was told that nobody ever moves building and installs a new Warehouse Management System (WMS) at the same time,” recalls Douglas Blair.

“Normally that timeframe should have been 18 months to two years. We didn’t have that luxury...we had to put a WMS in place straight away here.”

Unique needs of motor industry

Another challenge for EMD, when designing their warehouse management system, is the huge variance among the items they need to distribute.

“One of the big differences between us and most industries is that we deal with everything from the size of a clip, to the whole side panel of a van. And our dealer customers might want to buy a single item from a pellet, or a thousand items. From a WMS point of view, most systems don’t know how to deal with that variety.”

As part of the selection process, Douglas Blair visited other Interlogic clients; including Health Support Systems Ltd, which faces similar challenges.

“HSL supply multiple hospitals around the country, and the variance in their ordering is quite similar. After seeing those similarities, MultiPick[®] became the obvious choice for us. They also offered the local NZ-based support that other suppliers didn’t. It’s important to us to have people here on the ground if you need them.”

EMD had well and truly outgrown their previous warehouse management technology, a warehouse module that is part of their Navision ERP system.

"Originally, it was fine for our needs. But as we grew, we were continually modifying the system – and spending a lot of money on it in the process. In the end, it was like trying to turn a motorbike into a car. When we looked ahead to 2020, we knew we'd need a dedicated WMS that could do things this system never would."

Key efficiency gains

Although the 6,000 sq ft of space is a huge advantage, says Douglas Blair, it also brings with it extra complexity.

"At the end of the day, it's MultiPick® that allows us to operate efficiently out of this space. It makes it a very quick process to receive goods, store them, and get them out again. Since moving here, we've been able to reduce parts of our supply chain from 6-8 weeks down to five days."

The business is also reaping significant cost savings from the ability to receive shipping containers on site, instead of using third party devanning and storage, and expensive airfreight.

"Our bill for airfreight used to be massive, but it was the only way we could service the marketplace. Stock had to come straight in and out the door because we had no space. A lot of that cost has now gone, because we can keep it on the shelf."

The intelligence of MultiPick® has also allowed EMD to operate what they call a 'dynamic' warehouse layout.

As Douglas Blair explains: *"In most automotive parts departments, you'd normally store all your brake parts together, all your oil filters and so on. But in our warehouse, anything can be anywhere within broad zones. Our warehouse guys can put items into any available space, and the system will tell us where it is."*

"Because all parts and all locations are barcoded, the placement and picking of stock is very quick and accurate. We can pick multiple lines and multiple orders in one sweep of an aisle."

"That means we can have all sorts of different parts and sizes stored together. MultiPick® allows you to use the total cubic airspace very, very efficiently."

It also gives staff the ability to contribute to greater efficiencies in the daily running of the warehouse. Rotation of stock is also automated to ensure first-in, first-out.

"I often tell people there are a couple of ways to run a warehouse," says Douglas Blair.

"You can treat your staff like robots, where everything is rigid and strictly process-driven. Or you can recognise that you have a good team of people – give them processes and systems to work within, and let them design the most efficient way to work. That's what MultiPick® allows us to do. We have some of the best people in the industry."

Future plans

With an eye to the future, EMD and Interlogic are continuing to refine and improve the capabilities of the WMS.

As Douglas Blair explains: *"As a system, MultiPick® is fantastic. It already does everything we need it to do. But there are some industry-specific problems you will not encounter in any other industry...so we'll continue to work with Interlogic developers to solve those issues."*

One example is the ordering and storage of car keys. Because they are VIN-specific, each key is assigned a unique code sent from Germany; which only remains valid on the system for 24 hours for security reasons.

"Currently, we handle this process manually. But we're working on a refinement that allows the system to identify an individual key for a specific customer. That's stuff we could never buy anywhere on the shelf – no system can deal with that. But when we get that right, we will have achieved something in the automotive industry that no-one else has."

Spend less: *"A lot of that [airfreight] cost has gone, because we can now keep the stock on the shelf."*

Make more: *"We've been able to reduce parts of our supply chain from 6-8 weeks down to five days."*

Get loved: *"If you don't have a strong after-sales service, you won't sell as many new cars."*

Always there: *"It's important to us to have people here on the ground if you need them."*



Interlogic designs logistics execution systems that combine its MultiPick® warehouse management software with technology, automation and advanced materials handling equipment. The company blends warehousing know-how with practical innovation to deliver measurable operational savings, and supports customers directly from design, build and ongoing. Interlogic works with businesses large and small across New Zealand & Australia.

Interlogic Limited

New Zealand +64 9 414 1104
Building I Unit E, 5 Orbit Drive Rosedale 0632,
Auckland New Zealand

Australia +61 433 972 191
13 Queen St, Murwillumbah, NSW, 2484, Australia

Email team@interlogic.co.nz
Web www.interlogicwms.com