Customer Profile

LEONI reduces stock with Infor Supplier Exchange

Facts at a glance

Product: Infor Supplier Exchange
Industry: Supply Chain Management
Country: Germany

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—Rolf Rettberg,
Head of Supply Chain Management at LEONI

About the company

LEONI BordnetzSysteme GmbH relies on Collaborative Inventory Management with Infor. Whether your needs are for razor-thin bare copper wire or hybrid cables as thick as your arm, simple connecting cables or a complete automobile wiring system, LEONI ranks among the biggest and most successful manufacturers of wires and cables worldwide. Some 47,000 staff members develop, manufacture, and sell standard and custom-made wiring products and solutions in 46 countries for the most diverse areas of application. To flexibly meet all customer requirements with its extensive range, LEONI must work closely and responsively with its large worldwide supplier base to ensure reliable supply to its 60 production sites.

A new strategy

To support the purchasing replenishment process, LEONI had relied on the supplier management system it had used since the 1990s.

Net purchase requirements were calculated through its ERP systems and demands placed on suppliers globally. The crunch came when it became clear that the planning process did not provide enough real-time information for LEONI to support a leaner supply chain.

With long supply chains that stretch across Eastern Europe, LEONI needed to get more visibility of its in-bound shipments and improve its tracking from dispatch through to receipt on site. Only through working more closely and more responsively with its large supplier base would LEONI be able to realize the potential benefits of lower inventories and improved supplier delivery performance.

The LEONI logistics experts therefore developed a new strategy for supplier management based on the principles of Collaborative Managed Inventory (CMI). In this, both manufacturer and supplier share responsibility for planning and holding the right inventory. Replenishment of the production facilities is made continuously via realtime demand signals to ensure supply with the least possible inventory.

Flexible Solution

The process relies on information transparency between manufacturer and supplier to work effectively. Previously restricted data such current on-hand inventory, actual consumption, and projected future requirements were shared to enable suppliers to have the information they needed to manage inventory and replenish the manufacturer as required.

Because LEONI has a large supplier base they needed a solution which could be deployed quickly and cost effectively, especially for smaller suppliers, which meant one that could take advantage of web based technology rather than the more expensive EDI solutions. LEONI also wanted a tried-and-tested solution from a supplier with a track record in supply chain management.

"The most comprehensive solution was offered to us by Infor, although even here some additional programming was necessary to meet our requirements," says Rolf Rettberg, Head of Supply Chain Management at LEONI. "Infor Supplier Exchange in particular has already established a reputation in the automobile supplier business, whereas the solutions offered by other suppliers would have been run as pilot projects."

As regards the introduction phase, Rettberg has favorable recollections of Infor's flexibility: "The philosophy of Collaborative Managed Inventory can seem to contradict some of the principles of Vendor Managed Inventory, nevertheless, it was possible to implement the complexity of our ideas with Supplier Exchange."

LEONI now uses the production preview of the ERP system as a forecast which is communicated to the suppliers on a weekly basis, with Supplier Exchange providing a portal. Maximum and minimum stocks are monitored and also integrated into supplier management. Stock limits are continuously and automatically adjusted based on past consumption levels and forecasts for the future. An additional benefit from the solution has been the automatic rating of suppliers against their CMI limits and this also helps suppliers improve their own processes in better serving LEONI.

Successful collaboration

LEONI's Wiring Systems division cooperates with around 80 suppliers capable of meeting VDA standards—and with another 4,000 or so without EDI access. The former are responsible for approximately 80 percent of the overall supply volume and benefit from shipment schedules generated in VDA 4915 format which takes account of transit times, in-transit quantities, required quantities, and average consumption quantities as well as package sizes. The great majority of LEONI suppliers are able to access the supply quantity determined by the system via the Internet with CMI Workbench.

An intuitive web surface facilitates the generation of supply suggestions for the suppliers. The CMI data can then be directly integrated in the ERP system of each supplier with Excel and XML.

Visible results

Since the introduction of Supplier Exchange as the centerpiece of CMI at LEONI, 80 to 85 percent of material volumes are managed using this solution.

"At several sites we achieved a double-digit percentage reduction of stocks," says Marion von der Hand, Director of Global Supply Management at LEONI. "We proceed from the assumption that this order of magnitude is achievable everywhere." In addition to the German logistics site, the Infor solution is already up and running at plants in Romania, Poland, Ukraine and Tunisia. The Wiring Systems division now plans to roll the CMI concept out worldwide. "Since Infor operates on Windows platforms and people know Excel all over the world, feedback from all market sectors has been excellent," says Rettberg. LEONI elegantly mastered the obstacle of persuading suppliers to introduce yet another Internet-based tool in addition to the already operational EDI solution.

In the run-up to the transition, Rettberg's team gathered persuasive arguments supporting CMI and came up with the clincher: CMI does not generate any additional load – quite the opposite. The administrative burden is reduced since the supplier no longer has to process additional phone calls or e-mail messages from the manufacturer. In all, communication is smoother with fewer misunderstandings due to the straightforward and clear-cut process – with gains in time on both sides.

"With Infor Supplier Exchange, Infor provides LEONI with much opportunity for future upgrades. It is therefore conceivable that long-distance haulers will be integrated into the system so that a consignment can be tracked in transit at package level," says Bernd Hau, VP Automotive at Infor. "The introduction of extended workbench processes is another option to assure stocks and availability at the supplier's at an early stage."

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