Order To Delivery: Supply Chain Transformation At General Motors

Dana Kovach
Director, Global Strategy
Order-To-Delivery
General Motors Corporation
The Supply Chain Transformation Challenge

- 50 Countries of Operation
- 200 Countries With GM Presence
- 70 Assembly Plants
- 8.6 Million Vehicles
- $6 Billion Logistics Spend
- $105 B Material Purchase Spend
- 72 Product Programs
- 20 Vehicle Lines
- 11,931 Product Suppliers
- 10,000+ Dealers
- 69 Transportation Providers
What Are the Key Trends Driving Change in the Automotive Supply Chain?

How Is General Motors Responding?

What Is the Impact on Our Business?
What Are the Key Trends Driving Change in the Automotive Supply Chain?

- Customers Are More Demanding
- Competition Is More Intense
- Emerging Business Technology Impacting Traditional Models
CUSTOMERS ARE MORE DEMANDING

The Internet Has Allowed More Customers To Have More Knowledge Than Ever Before

- 150 Million People In The U.S. Access the Internet
- They Spend 10 Hours Online Each Month
- Majority of Car Buyers Research Their Purchases on the Internet
COMPETITION IS MORE INTENSE

- More New Products Are Being Brought Faster to Market
- Continuous Improvement in Quality With Simultaneous Reduction in Cost
- Stream of Technological Development by Manufacturers, Suppliers, and Non-Traditional Competitors
EMERGING BUSINESS TECHNOLOGY IMPACTS TRADITIONAL BUSINESS MODELS

- Rapid Cycles of Change
- Cross-Functional Integration Required
- Extended Enterprise Information Visibility
- “SENSE & RESPOND”!!!!!!!!!!
The Customer is in Control

GM is:
Moving From Manufacturing-Focused to Customer-Focused,
Moving From Batch-Build to Sense-And-Respond, and
Leveraging the Information Explosion to Achieve Operational Excellence
What Does Customer In Control Mean?

- Customers Shouldn’t Be Forced to Compromise on Exact Vehicle of Choice
- Customers Should Expect Fast Order Fulfillment Lead Times
- Customers Should Expect Reliable Delivery Promise Commitments and Real Time Order Status Visibility

- MAKE IT EASY TO DO BUSINESS WITH GM
Creating and Leveraging New Tools and Relationships

VECTOR SCM

GM Supply Power
The Future of Supplier Integration

GM BuyPower
The Future of Online Auto Buying

covisint

OnStar
Integrating and Driving Operational Excellence

Order to Delivery

Real Time Information Visibility/Transparency

Planning  Design & Engineer  Purchasing / PC&L  Manufacturing  Vehicle Logistics  Sell & Service

Suppliers

B2B

B2C

Customers

Rapid Customer Fulfillment

OTD Drives a Transformation Across All Business Processes
What Is the Impact on Our Business?
Organizational Transformation
Eliminate Silos and Create Common, Integrated Solutions Across the Supply Chain

Supply Chain Visibility and Management

Supply Operations
Logistics
Order Fulfillment

Suppliers
Plants
Consolidation Centers and Ports
Rail Interchanges
Vehicle and Parts Distribution Centers
Dealers
Customers

One Integrated Cross-functional Customer Focused Organization
Global OTD Organization

OTD Common Processes and Systems

- Supply Operations
- Order Fulfillment
- Logistics
Business Process & IT Transformation

- Constraint Elimination
- Online Simultaneous Multi Tier Supplier Scheduling
- Customer Demand Sensing
- Order Lead Time Reduction Process
- Online Distribution/Consensus Process
- New Model Part Planning Tool
- Online Dealer & Vehicle Locator
- Online Supplier Information Visibility - SupplyPower
- Online Vehicle Configurator
- Supplier Capacity Management Tool
- Online Customer Lead Management
- Total Cost Sourcing Tool
- Accessorization
- Real Time Supplier Performance Monitoring / Metrics
- Real Time Order Prioritization
- Vector 4PL Business Model Implantation
- Real Time Outbound Distribution Visibility
- Outbound Logistics Network Redesign
- Product Delivery Date Commitments
- WIP Inventory Management Improvement Tools
- OTD Cross-Functional Operating Organization Structure
- Inbound Logistics Network Redesign
- Daily Order Scheduling & Sequencing
- Assembly Plant Rapid OTD Enablers
Business Results So Far

- Order Fulfillment Lead Time Reduced by 50%
- Parts Delivered on Time to Assembly Line Station: 99.8%
- Outbound Vehicle Shipped Damage Free: 99.5%
- Delivery Reliability: 85%
- Production and Material Constraints Reduced: 70%
- Inventory Costs Reduced by 16%
- Logistics Cost Reduced by 7.1%
- Headcount Reduced by 10%
Conclusions:

- Customers Will Continue to Be Increasingly More Demanding
- Product and Business Strategy Competition Will Continue to Intensify
- To Win: GM is on a Journey of Significant Change
- Effective Supply Chain Management (OTD) Will Continue to Be an Increasingly Important Differentiator