

How can you cut automotive manufacturing costs further without impacting on performance?



The Secret is Micro managed KPI's, not Macro managed KPI's

Continual improvement is delivered through better understanding and lean decision making. The key is good information systems which are acted upon in real-time. Micro KPI's provide visibility on areas of potential cost savings, dynamically, and in real-time.

Rudolph and Hellmann Automotive management processes enable KPI's to be reviewed every 15 minutes by each management cell allowing managers to dynamically adjust to make savings and improve efficiency and effectiveness. However only those managers with specialist automotive training and 'real life' or 'hands on' experience of this unique environment would have the knowledge of what actions could be taken.

Automotive 'on site' production specialists not 3pl generalists

Rudolph and Hellmann Automotive continue to be the only logistics company providing services dedicated to automotive manufacturing. This focus has resulted in what is probably the most experienced, responsive and dynamic team in automotive production logistics. As the pioneers of 'activity based cost' in the UK automotive sector, we operate very differently to our competitors. No other company operates a more transparent, 'shared risk – shared rewards' billing solution in the UK automotive manufacturing industry.

For the full case study visit www.rh-automotive.co.uk/news-and-case-studies/cut_automotive_manufacturing

What are the options for 'shared risk – shared rewards' billing solutions?

Getting the balance right is crucial

Creating a contract which provides the balance between flexible manufacturing solutions and minimising costs is difficult for any automotive producer outsourcing a part of their 'on-site' logistics operation.

As the pioneers of 'Activity Based Cost' in the UK automotive sector, Rudolph and Hellmann Automotive operates very differently being the only providers of dedicated on-site production and reverse logistics for the automotive sector in the UK – this means our entire focus is on production manufacture.

Production logistics is an easy formula – right part, right place, right time, however inefficiencies are generally well hidden but Rudolph and Hellmann are a specialist automotive 'on-site' logistics company, with sector experienced people, and expert management skills to make decisions dynamically every 15 minutes based on good information systems delivering micro KPI's.

For the full case study visit www.rh-automotive.co.uk/news-and-case-studies/shared_risk

The Rudolph and Hellmann Automotive business model is designed to operate more transparently, flexibly and responsively, and shares more risk.

Operating under a non-disclosure agreement we are able to provide a discreet assessment of your current processes and identify improvements. This is a 'no obligation' service because we believe in the power of demonstration.



Luxury car manufacturer increases productivity and reduces overheads



Like many manufacturing companies in the automotive sector, the company in question believed having in-house control provided them with the quality they required. However, when management needed to reduce costs and step up productivity, it proved difficult to find the answer within the existing infrastructure.

Rudolph and Hellmann were approached and asked to undertake a discreet audit of the current processes to identify where the company could achieve its goals for growth and cost reduction. The benchmarking element revealed some surprising quick wins and, by working alongside the existing team, some easy to fix frustrations were uncovered without incurring any costs.

Using their specialist transition 'Central Operational Support Team' (COST), they were able to manage a seamless transition from fully employed solution to fully outsourced within 4 months. Within 12 months the return on investment was so significant, it couldn't have been predicted – pick rate doubled, stock integrity tripled, and shortage calls reduced by 75%.

Mark Cranidge, Director directly responsible for this client, said *"It would be impossible to achieve the same results in this time frame without COST"*.

For the full case study visit www.rh-automotive.co.uk/news-and-case-studies/luxury_car_manufacturer

Home Grown Timber delivers better results

The secret to Rudolph and Hellmann's success is their investment in people and automotive expertise.



If you have a high performance car, a general mechanic is unlikely to have the relevant skill sets or specific expertise you need to deliver the best results. If you employ generalists they are learning from automotive manufacturing processes – not driving them forward. The average time in the automotive sector at Rudolph and Hellmann is 15 years; most have risen through the ranks and all undergo continual training and formal qualifications.

We have identified that benchmarking processes run by generalist 3pl's reduced productivity, have no desire for process improvement, and have little expertise – because management roles are occupied by generalist's – not automotive production experts.

Rudolph and Hellmann Automotive was the first company in the UK to provide an 'Activity Based Cost' solution to the automotive sector. Operating exclusively in the UK, they continue to be the only 'on-site' logistics company providing services dedicated to automotive manufacturing. This focus has resulted in what is probably the most experienced, responsive, and dynamic team in automotive production logistics. No other company operates a more transparent, 'shared risk – shared rewards' billing solution in the UK automotive manufacturing industry.

For the full case study visit www.rh-automotive.co.uk/news-and-case-studies/home_grown_timber

Partnership is the key to reducing costs

Who are your people working for?

When on-site logistics within automotive manufacturing is sub-contracted out to a 3pl there are obvious cost benefits for the vehicle producer – but, is everyone working towards the same goals? The culture of the outsourced workforce is crucial to the mindset of those who work together, regardless of who pays the wages.



Rudolph and Hellmann Automotive recruits a flexible workforce specific to a client's requirements. Throughout their induction, the management team explain the partnership between the two organisations.

"It is important for anyone working in the manufacturer's environment to adopt their core philosophies and understand the part in which they play in delivering their goals."
Martin Rollings, Managing Director.

Rudolph and Hellmann people see themselves as an extension of your business – working towards the same goals rather than hired help working for someone else. Automotive manufacturer's who employ Rudolph and Hellmann Automotive understand they are purchasing a level of expertise and experience not available anywhere else. The culture of understanding and embracement of the customer's philosophy means that the whole team pulls together to drive the clients business forward by minimising costs whilst delivering the highest levels of quality.

For the full case study visit www.rh-automotive.co.uk/news-and-case-studies/partnership

Does a 'Fixed Price Per Car' deliver greater profitability for automotive manufacturers?

Fixed price contracts allows customers to know exactly what they will be paying over a given period for a specified volume – but who does this benefit, and why, and what happens if the volumes are less?



Reduced volume could result in the automotive manufacturer 'over-paying' compared to a variable activity based agreement. The real question should be; in providing a fixed price, how does the logistics provider continue to achieve increased productivity, maintain/increase quality of service, whilst streamlining the workforce to deliver their shareholders greater profitability?

"The automotive manufacturer focused on 'fixed-price' often isn't aware of the direct costs through loss of efficiency elsewhere. The 3pl must make money from the arrangement, if they have got it wrong – they will let service slip to protect margin."

Jeff Hyde, Finance Director and Company Secretary
Rudolph and Hellmann Automotive has the best people in the industry; handpicked specialists focused entirely on automotive manufacturing processes. With expertise and experience comes measurement, and the ability to dynamically change the process, manning, or focus for improvement, with KPI's assessed and acted upon every 15 minutes, waste is driven out and effectiveness improved four times an hour.

For the full case study visit www.rh-automotive.co.uk/news-and-case-studies/fix_price_car

Are 'Activity Based Costs' more flexible and do they deliver greater returns for automotive manufacturers?

Activity Based Costs provides the customer with a detailed picture of the key processes required in their manufacturing process.



Each different activity required within the production logistics is isolated and a cost is placed upon the actions – this is a more flexible pick'n'mix approach that is easy to measure allowing the automotive manufacturer to select which processes they want to outsource, calculate precise costs in relation to associated volume build, and react fast to orders. They are buying an outcome; a service which, if required, can be turned off within the shortest timescale.

Activity based costs encourages partnership and transparency

With visibility of all processes and detailed costs, the automotive manufacturer is able to continually review all aspects of production and is free to change their mind and 'take back' operations which have been refined. This means the 3pl must continually seek out synergies, develop cost savings, and improve efficiency. This can only be truly achieved with complete partnership working.

Same perspective and goals

The 3pl providing the services must see the business from the same perspective and goals as the automotive manufacturer rather than as an independent profit centre serving its own aims.

For the full case study visit www.rh-automotive.co.uk/news-and-case-studies/activity_based_costs



Imagine replacing a floor in a core operational area without disrupting the manufacturing process

Due to a crumbling surface under the main racking area the warehouse needed a new floor.

The warehouse, which stored products directly feeding the manufacturing line is a core operational area. Producing some 5,000 cars per week, the floor replacement project had the potential to seriously impact on production.

A joint team of Rudolph and Hellmann Automotive specialists and their own managers

was formed to move 7,500 pallets over a period of 6 months in three phases. Careful planning and military precision ensured delivery ahead of schedule without any loss of production.

"The dedicated team were aware of the impact on the production line, if we got it wrong. Working together as a team we were determined this wasn't going to happen."

Martin Rollings, Managing Director

For the full case study or to watch the video visit www.rh-automotive.co.uk/news-and-case-studies/replacing_a_floor

25% cost reduction plus an immediate 17% efficiency increase achieved by outsourcing Tow Train Delivery

A request was made by a leading UK automotive manufacturer to evaluate their on-site logistics and explore ways to reduce costs and/or improve efficiency within their production logistics.

The Tow Train operation was one key area identified, which delivered parts directly to the manufacturing track. Instant savings and improvements were identified – reducing pay costs by 25% replacing the manufacturers own employees with 3pl employees,

efficiency increases of 17% by streamlining the delivery cycle through analysis of previous activity and synergising routes.

The transformation in the delivery process allowed other areas to be streamlined; such as making the delivery cycle 'slicker' due to just in time (JIT) supply. Other process enhancements were also possible, for instance, minimising trackside stock and demarcation zones further reduced error possibilities.



For the full case study visit www.rh-automotive.co.uk/news-and-case-studies/25_cost_reduction



How lean is your decision making?

Lean decision making reduces waste and improves efficiency with decisive and effective change, in realistic timescales.

The problem with most 3pl's providing on-site production logistics is that they have to pass on key decisions through various lines of 'off site' financial and account management procedures. This resulting 'red tape', and delay when waiting for a national or international head office 'decision' to be filtered back, means the opportunity can be lost or people avoid making changes which require a decision – *either way it's the automotive manufacturer pays!*

If there is a process or activity change identified that may have an impact on the revenue of the contract, our experienced managers are empowered to make the decision.

If Rudolph and Hellmann Automotive managers receive a request from the automotive manufacturer which they are unsure about, they have straight forward and direct access to speak with the relevant parties at Rudolph and Hellmann's head office.

We believe the 3pl providing your on-site production services must see the business from the same perspective and goals as the automotive manufacturer, rather than as an independent profit centre serving its own aims.

This is ONLY achieved by adopting the culture of the manufacturer, and embracing the partnership.

For the full case study visit www.rh-automotive.co.uk/news-and-case-studies/decision_making

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Four times an hour or four times a month?

If you needed to change something, wouldn't you want to react quickly in time to make a difference?

The industry standard for the majority of 3pl's providing 'on-site production logistics' within the automotive sector is to review KPI's from week to week, which means the changes they make to improve their processes run a week behind – which also means that issues just can't be seen in time to take action and could escalate to a point of breaking contractual agreements that may impact on the automotive manufacturer's production.

Rudolph and Hellmann's management team monitors KPI's in real-time through a database which links into the customers' SAP management system, providing the production logistics team with clarity to address any potential issues before they occur.

Rudolph and Hellmann Automotive view the business from the same perspective and goals as the automotive manufacturer, which means we don't care where the problem is occurring, we only care about getting it resolved, thus customers experience an improved level of service than from some of their 'in-house' service functions.



For the full case study visit www.rh-automotive.co.uk/news-and-case-studies/four_times

Supply Chain Consultation	Process Implementation	Contract Logistics	FREE Supply Chain Audit & Healthcheck
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