

Distribution Network Optimization for Auto Spares OEM

About the company

The client is a major auto spares distributor based in India. The company supplies spares for trucks and buses.

Business objectives

To study the current distribution network, identify the need for having multiple warehouses and study the impact on cost and delivery lead time.

Business complexities

- Being the only Parts Distribution Center for all markets in India, order to customer delivery lead time was on higher side
- Due to increase in demand, current distribution center will not be in a position to serve all customers very soon
- High demand clusters were identified across the country
- High delivery lead time in case of urgent orders as well

Project highlights

- Potential locations for network expansion were analyzed and most suitable location was suggested to reduce delivery lead time
- Stellium identified the option that provided much faster reach to the market at slightly higher costs
- Internal priorities for specific strategic markets were considered in the study
- Synergies with spare parts Business was also incorporated
- Transportation Zoning/Clustering and FDOS practices improved FTL Utilization

Value delivered to the client

- 99% Orders to be serviced within 10 Days
- 99% of Urgent Orders to be serviced within 72 hrs.
- 90% of Market by value to be serviced within 72 hrs.
- Top 70% Market by value to be serviced within 48 hrs.