



Cummins Inc.

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Ilse Deglorie,
Operations Manager, Cummins Inc.

Cummins Inc., a global power leader, is a corporation of complementary business units that design, manufacture, distribute and service engines and related technologies, including fuel systems, controls, air handling, filtration, emission solutions and electrical power generation systems. Cummins has a strong focus on after-sales. Cummins Parts and Service operates three large Master Distribution Centers (MDC's). One in Memphis, US, one in Mechelen, Belgium, and one in Singapore servicing all markets around the globe. In addition to the MDC's, Cummins Parts and Service operates a number of smaller strategically positioned Parts Distribution Centres (PDC's). In order to boost efficiency and improve customer service Cummins implemented RedPrairie's Warehouse Management System (WMS) at its Mechelen site. Following success there, the RedPrairie solution has been implemented in the other two MDC's, making it Cummins' worldwide logistics backbone.

Having a dependable engine is of critical importance to a Cummins customer. The equipment represents their livelihood and the least possible number of unscheduled stoppages is vital. Unexpected stoppages usually give rise to problems and additional costs and, in the worst case, loss of expected revenue. Therefore it is crucial for Cummins to have the right part available at the right time.

Logistics processes at Cummins DCs are relatively complex. All facilities deliver to distributors that in turn supply to authorised service centers. In addition, Cummins delivers to OEM's and intercompany customers.

The Mechelen MDC, which has 15,000 square metres of storage and over 62,000 locations, purchases parts from approximately 300 suppliers all around the world. These parts are packaged or assembled in kits and distributed to more than 120 delivery points into Europe, Middle East and Africa, and to Cummins' other DCs. "In Mechelen we used to work without a WMS," says Ilse Deglorie, operations manager at the Mechelen MDC. "All logistics activities were supported by our ERP system. Processes were paper-based, which made tracking

and tracing difficult. It prevented us from collecting valuable data on our performance. As we were growing rapidly, we had to find a solution."

Requirements

Cummins started a selection process. "Ultimately a global blueprint was designed that vendors had to adhere to as part of the RFA [request for acquisition] process," says Ilse Deglorie. "Our main requirements for a new WMS were three fold. It had to be compliant with Cummins' global UNIX/Oracle architecture and it had to meet our expectations on specific business requirements like kitting and packaging. Just as important was the vendor's capability with regard to remote helpdesk and global support." After a demo with real-life data in which RedPrairie had to prove its flexibility in executing many different scenarios and reference visits to customers, Cummins selected RedPrairie's WMS as it met all requirements the best. "RedPrairie not only offered all the features we wanted, but the system is also very flexible, as changes can be easily made."

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Boost in efficiency and productivity

RedPrairie's WMS has provided Cummins with a significant boost in efficiency and productivity, says Ilse Deglorie. "We now have real data which enables us to improve our processes constantly. At the time of the implementation, business was booming. Thanks to the new system, we were able to maintain our service levels without the need to hire lots of extra staff. The higher volumes have made our operations more complex as we have to deal with a larger number of constraints. Without the new WMS we wouldn't be able to deal with this complexity. Inbound efficiency has improved 27 per cent from 11 lines per man hour to 14 lines and outbound has improved 20% from 15 lines to 18 lines." In Mechelen

almost all 150 employees use the system on a daily basis, be it in the warehouse to receive or send goods or in the office where queries on performance can be made. Having all the data available means that Cummins is able to coach and steer employees more effectively and improve productivity.

The future

According to Bert Dillen, Cummins' Global Logistics Program Manager, "The successful implementation in Mechelen served as a blueprint for the sites in Memphis and Singapore, which enabled a smooth and fast roll-out. Our primary objective was to limit the exposure to the business and make this a non-event for the customer. As part of the strategic logistics plan within Parts and Service, further roll-outs have been planned for Brazil and China".

Mechelen has upgraded to a new version.

"Actually, it was more than an upgrade, as we also incorporated changes needed to comply with the most recent customs regulations," says Bert Dillen. "With every change we made, we strived for common processes and best practices across all Cummins facilities. The WMS offers a stable basis for our operations and our global strategic programme," concludes Ilse Deglorie.

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