CASE STUDY

HellermannTyton

£2 MILLION IN REDUCED INVENTORY AND ORDER CYCLE TIME CUT BY UP TO 50%

VALUE OPPORTUNITIES

- *INCREASED CUSTOMER SERVICE LEVELS*
- *IMPROVED PRODUCTION EFFICIENCY*
- *REDUCED PLANNING CYCLE TIMES*

TXT E-SOLUTIONS RESPONSE

TXTMAKE: OPERATIONS PLANNING AND SCHEDULING

RESULTS

- *£2 MILLION REDUCTION IN INVENTORY*
- *CUSTOMER ORDER LEAD TIMES REDUCED FROM 8 TO 4-6 WEEKS*
- *GREATER VISIBILITY ON DEMAND AND PRODUCTION FOR IMPROVED CUSTOMER SERVICE LEVELS AND INFORMED DECISION MAKING*

COMPANY PROFILE

HellermannTyton is a leading supplier of products for fastening, fixing, identifying and protecting cables and their connecting components. They pride themselves on developing pioneering solutions across a number of industries including automotive, aerospace, electrical, and telecommunications while embracing the latest supply chain techniques. Current group turnover is around £300 million with operations in 34 countries and a combined 2500+ employees.

SUPPLY CHAIN CONTEXT

Following an internal review of their European supply chain processes, HellermannTyton's Manchester (United Kingdom) operation moved from a "make-to-stock" (MTS) to a "make-to-order" (MTO) business model. This means inventory is no longer stored in Manchester awaiting customer orders; instead, inventory is now manufactured and shipped directly to regional "selling locations" around the world, as and when it is needed. These regional selling locations satisfy their local market demands by distributing items that are manufactured at the group's 11 manufacturing sites. The MTO model has enabled HellermannTyton Manchester to be more demand driven; enabling better planning and forecasting of future orders, helping to eliminate unnecessary overstocks within the wider group network. The Manchester facility is a key producer of some 1500+ SKU's, from here 80% of products are distributed to export markets. Products are predominantly manufactured using polyamide which is sourced from Europe and North America, typical lead time for replenishment is around 5 days.

THE CHALLENGE OF HELLERMANNTYTON

As part of the change in business model HellermannTyton had the following challenges:
1. Move from an infinite to a finite planning and scheduling system – HellermannTyton needed a solution that could take into account production constraints and offer a fast route to compiling the most cost-effective and customer focused production schedule.
2. Become more customer focused – Reducing lead times and providing a

"HellermannTyton is delighted with the results achieved so far following the implementation of TXTMAKE. The removal of £2 million of inventory has been a benefit to our working capital and gives us the option to invest in other areas of the business. The TXT know how and support we received is allowing us to be much more customer focused and this is central to our business model and strategy."

Scott Mayne, Planning & Inventory Manager - HellermannTyton

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higher level of service to customers. HellermannTyton's previous planning system did not recognise capacity or resource constraints and consequently it was difficult to provide customers with reliable information regarding delivery dates or the status of their order. Whilst these limitations were manageable under the historical make-to-stock business model, the move to a make-to-order policy would have been potentially catastrophic with poor visibility of demand versus capacity.
3. Reduce unnecessary supply chain costs – Machines weren't operating at optimal levels of efficiency and it was difficult to plan resource requirements in terms of machines, tools and labour.

WHY TXT?

The selection of TXT e-solutions was based on:

- TXT's experience of implementing quick ROI solutions within the manufacturing sector
- TXT understood the challenges of transitioning to a new mode of operation and had the right solution for HellermannTyton's needs;
- The solution was able to go live in 3 months.

THE SOLUTION

TXTMAKE has enabled HellermannTyton to create optimised plans and schedules, enabling actual production to be aligned with demand across the planning horizon. Previously, Infor system 21 ERP was being used to create infinite plans that couldn't take into account constraints on production capacity, warehouse storage, machine set up times/costs and labour requirements. TXTMAKE allows HellermannTyton to take all of these considerations and create realistic and finite plans; the system automatically creates production orders based on maximizing manufacturing efficiencies and minimizing costs. This helps improve customer service as customers can now be provided with reliable information concerning when their order will be completed.

After going live in April 2008, the solution ran parallel with the previous system until August to ensure a smooth transition. The 5 users based in the Manchester facility now have complete visibility on how demand connects to production i.e. relating an order to a specific batch number and translating that into real time information on when it will be ready to ship. TXTMAKE creates MRP (material requirements planning) calculations, giving users a complete breakdown of what is required to fulfill orders and when for example a specific SKU's packaging will be available. This allows customer service staff to be proactive by calling any of the group customers in advance if there are any issues/delays to orders – previously this was not possible.

THE RESULTS

1. A £2 million reduction in local finished goods inventory
2. Order lead times reduced from 8 to 4-6 weeks – TXTMAKE highlights shortfalls in actual production vs. plan and identifies the cause, this has now resulted in greater efficiency enabling orders to be fulfilled a lot faster
3. Improved customer service levels – each order can now be traced to production, providing customers with a specific date on when they will receive their order
4. HellermannTyton can now model future production and the impact it will have on factory loading for improved decision making
5. Greater speed and accuracy of production planning and scheduling – previously orders were manually released by up to two people at a time. The system automatically does this, taking into account all of the constraints in half an hour compared to an entire day if done manually.
6. Much improved control over material requirements. The TXT MRP facility links customer demand, production orders and associated materials. Changes to customer orders are now instantly reflected in material requirements.

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