

Risk in Capacity Procurement

The Logistics Council of Milwaukee

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Agenda



- Service Parts Depot Network
 - I/B
 - O/B
 - Service Parts Export
- Releasing Yards and Whole Goods Distribution

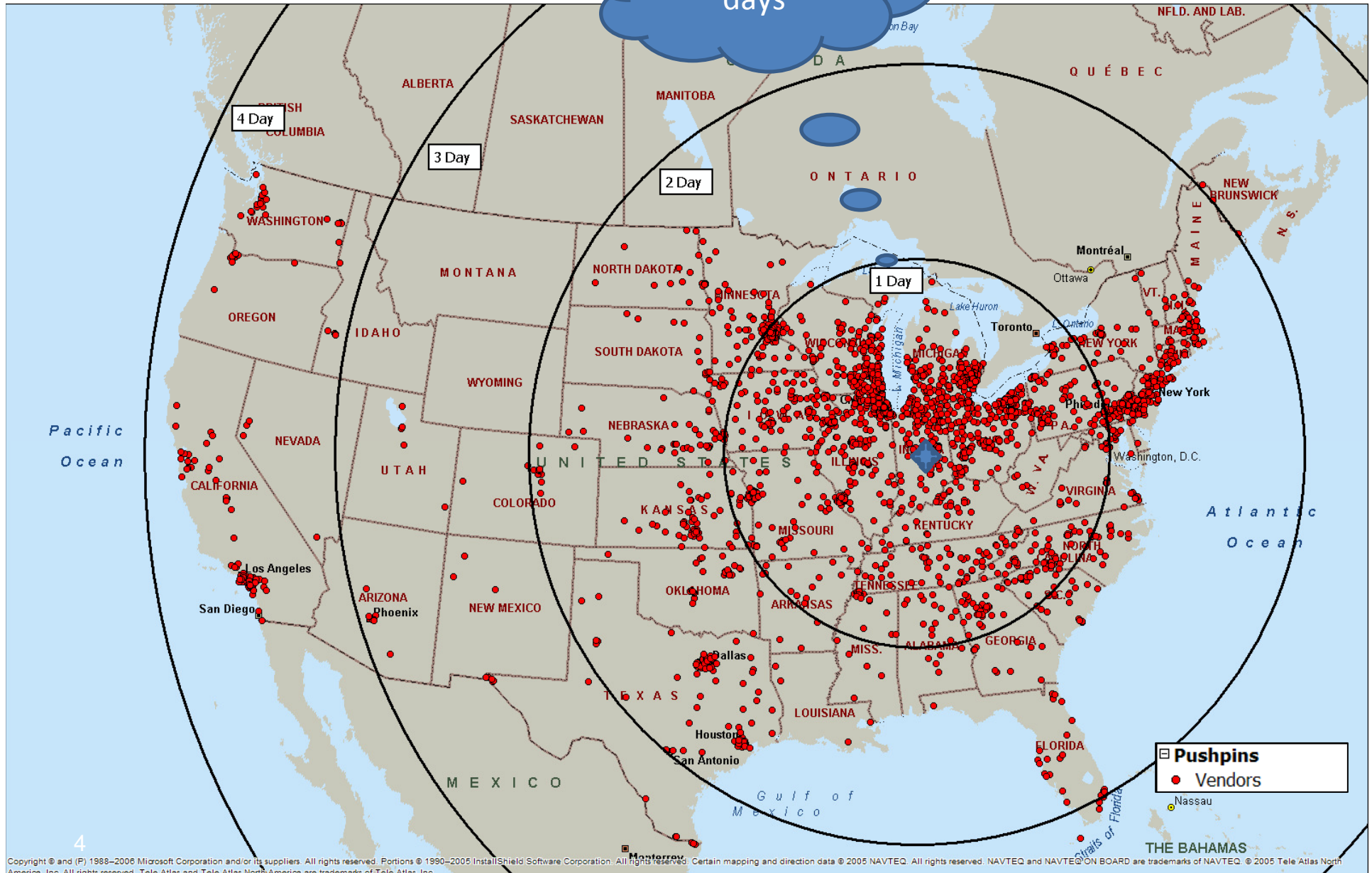
CNH Depot Footprint



Suppliers Map

82% within 2 days

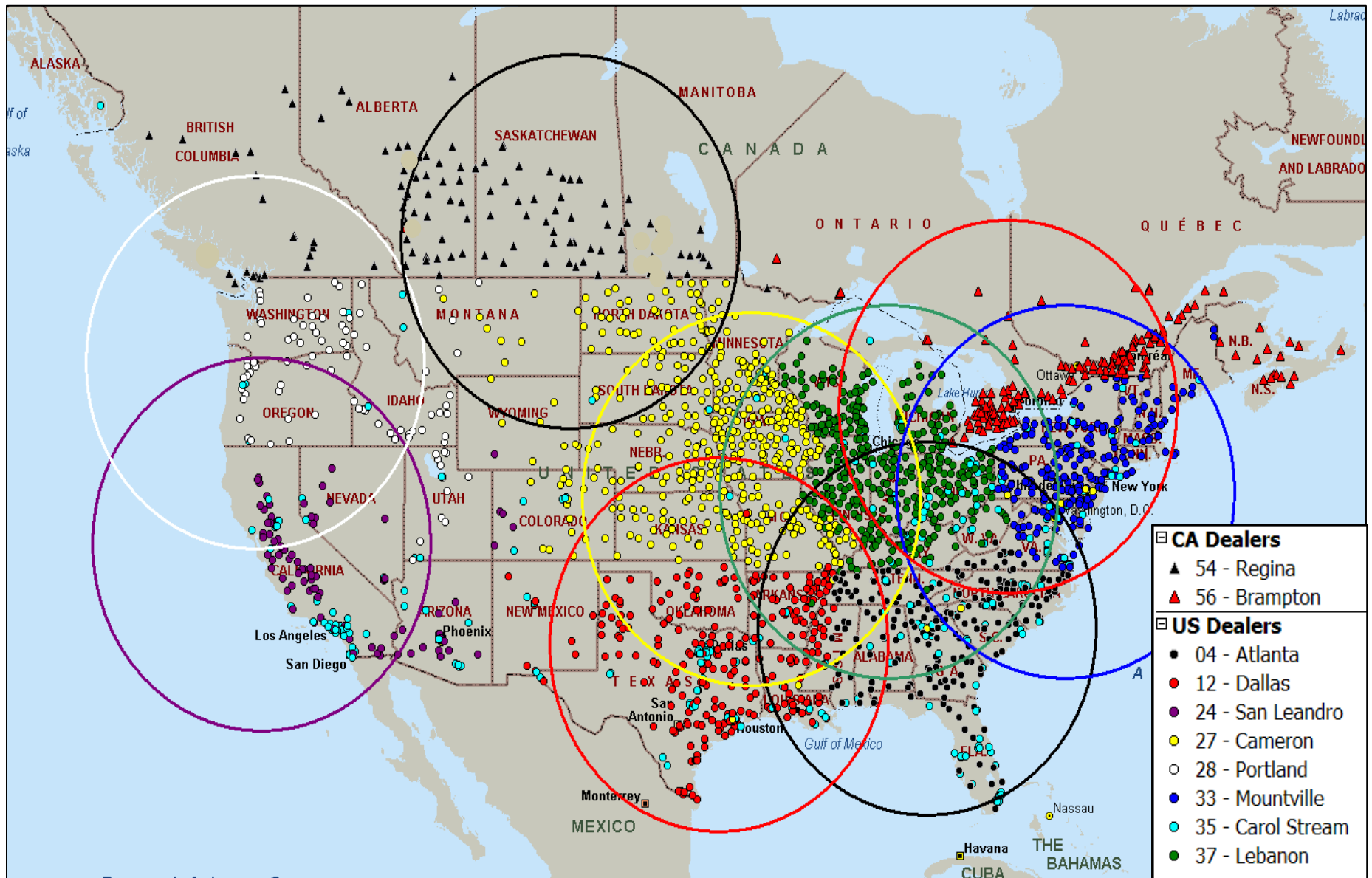
CNH



CNH Depot Footprint

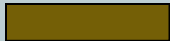
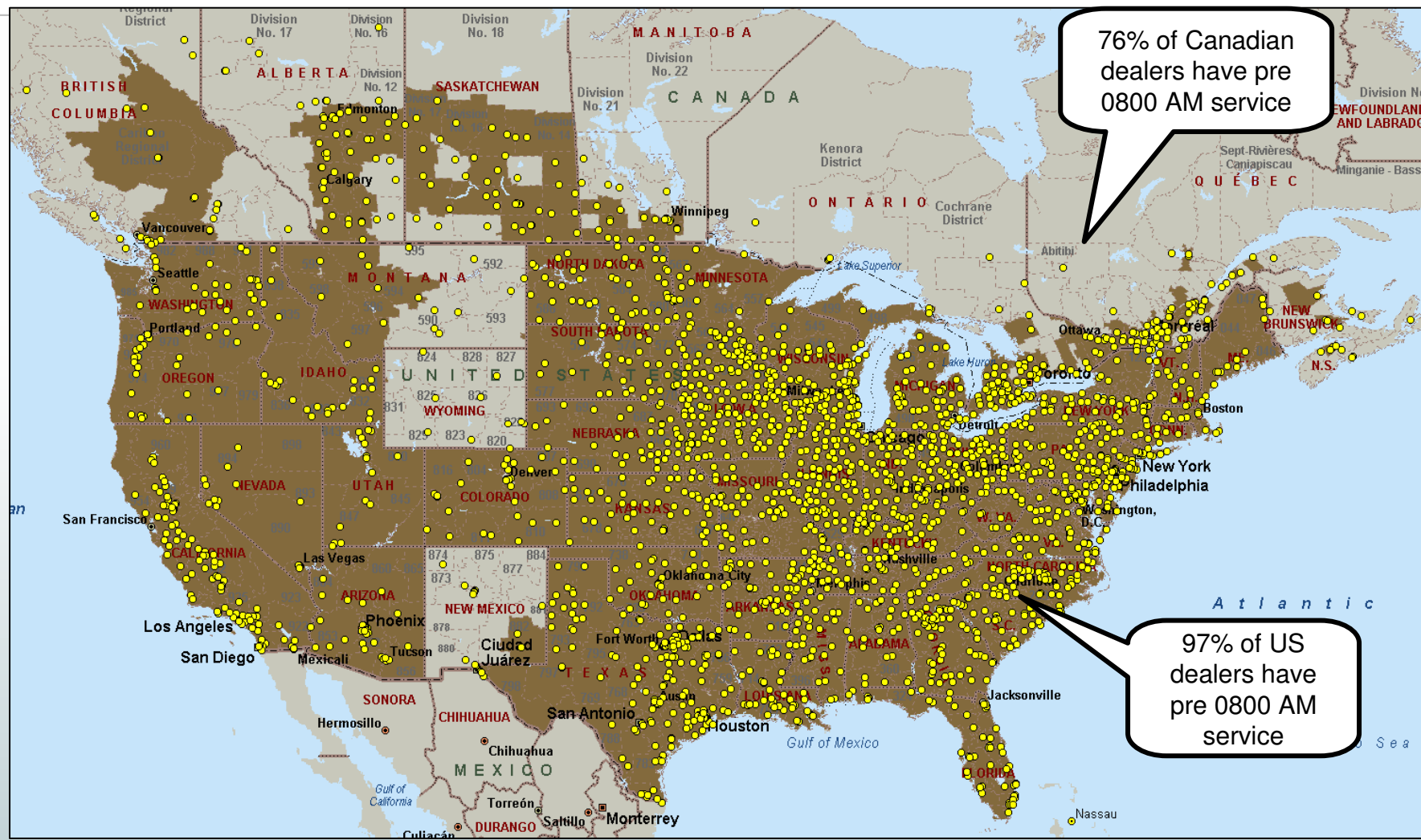


Facing Dealer Assignments – 3000 Dealers





CNH Pre 0800 AM Delivery Network



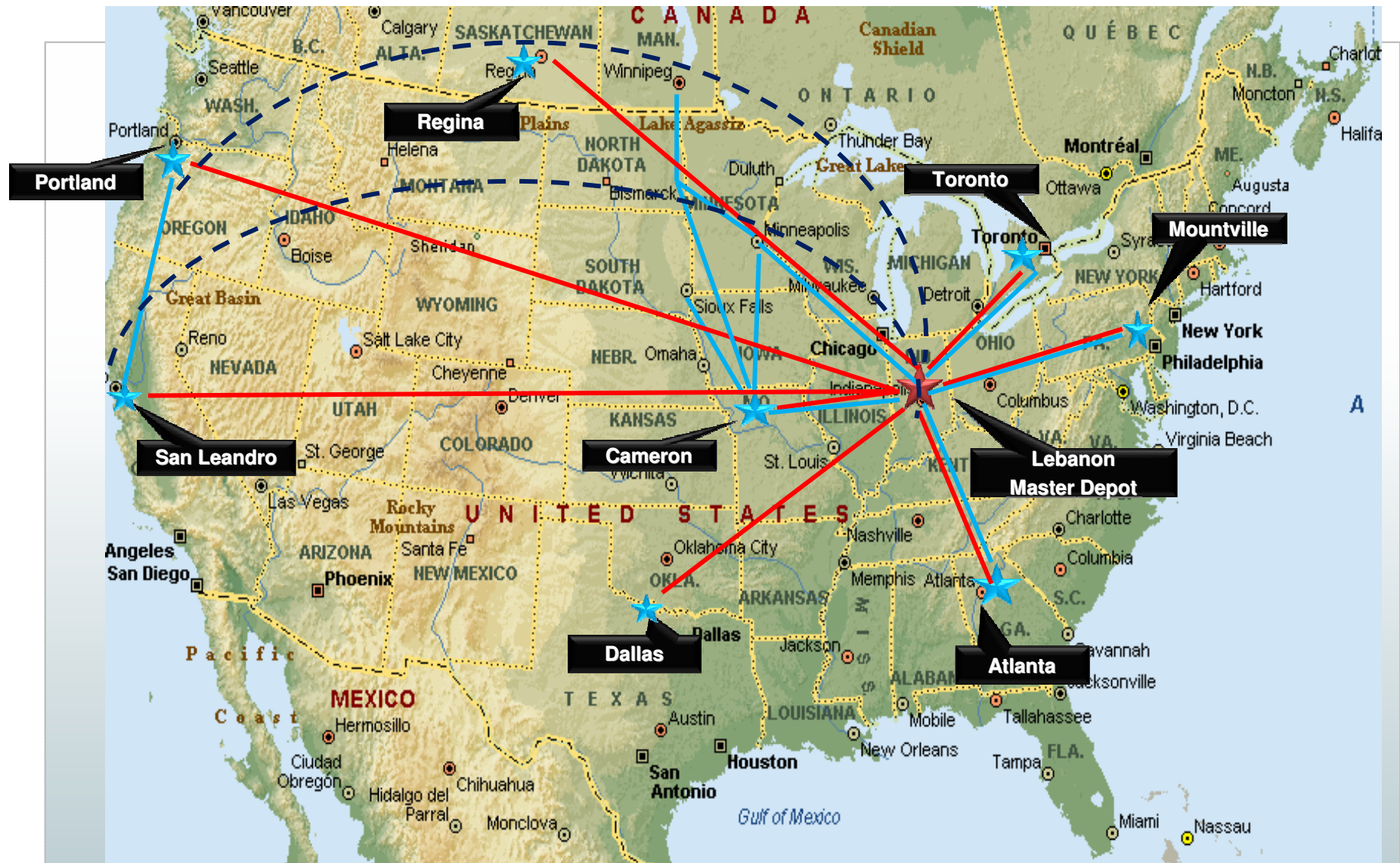
Pre 8 AM Delivery



Dealer



CNH Depot Footprint



CNH Daily Network Needs

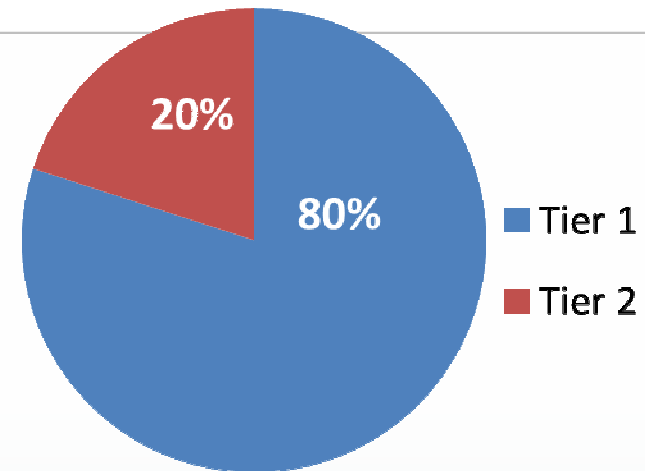


- Capacity planning

- TL Carrier needs

- Depot Replenishment

- TMS controlled
 - Carrier assignment by lane
 - Equipment (logistics trailers) primary
 - Tier 1-2-3-4 carriers
 - Service delays
 - Additional costs



Out of Season

CNH Daily Network Needs



- Capacity planning

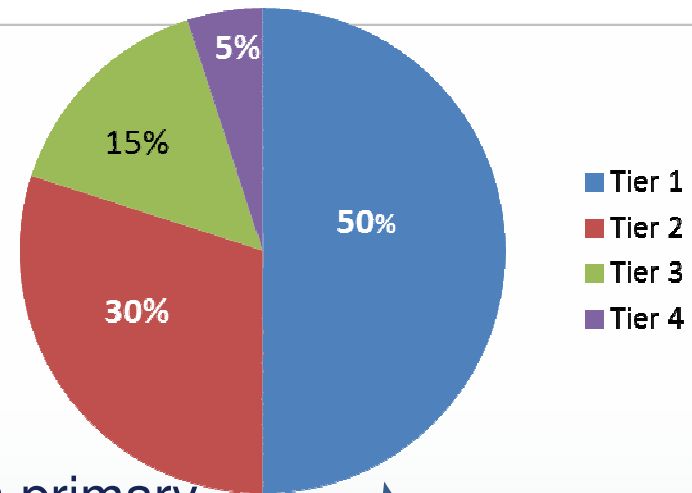
- TL Carrier needs

- Depot Replenishment

- TMS controlled
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 - Additional costs

- Shuttles for Dealer Orders/Service and inventory redeployment

- Carrier assignment by lane
 - Scramble when there is over-capacity – Bill's version of a "little black book"



In Season

CNH Daily Network Needs



- Capacity Planning continued
 - Daily Stock Order Delivery
 - Volume
 - Additional Line hauls needed – added cost
 - Equipment capacity – added cost
 - Delivery Time
 - Volume for air shipments to West Coast depots
 - Wait till next flight
 - Service failure
 - LTL Delivery
 - Equipment – long items
 - Rural locations – Service issues

Export



Pre - Bookings Requirements

- Ship 1800 TEUs annually from Lebanon, IN
- Bookings made up to 3 months in advance
- Normal advance bookings consist of the following:
 - 2 - 1 x 40 HC bookings for CNH Brazil, weekly
 - 3 - 2 x 40 HC bookings for CNH Australia, weekly
 - 4 - 2 x 40 HC bookings for CNH France, weekly
 - 1 - 1 x 20 booking for Kobelco Australia, monthly
 - CNH Italy, CSI Region, South Africa and China bookings are made on a need to have basis, but usually a minimum of 1 week before rail cut

Reasons for Pre-Bookings

- Bookings are made in advance to limit Ocean Carrier Capacity issues, control Peak Season Volume, and leverage container pools on campus
 - We manage the bobtailing done by drayage by matching Import or Empty containers being brought to Lebanon with rail cuts going back to Chicago.
- When Bookings are not made in advance, bookings can be rolled out a minimum of 1 week from rail cut.
 - Incur detention and demurrage charges
 - Potential service issues

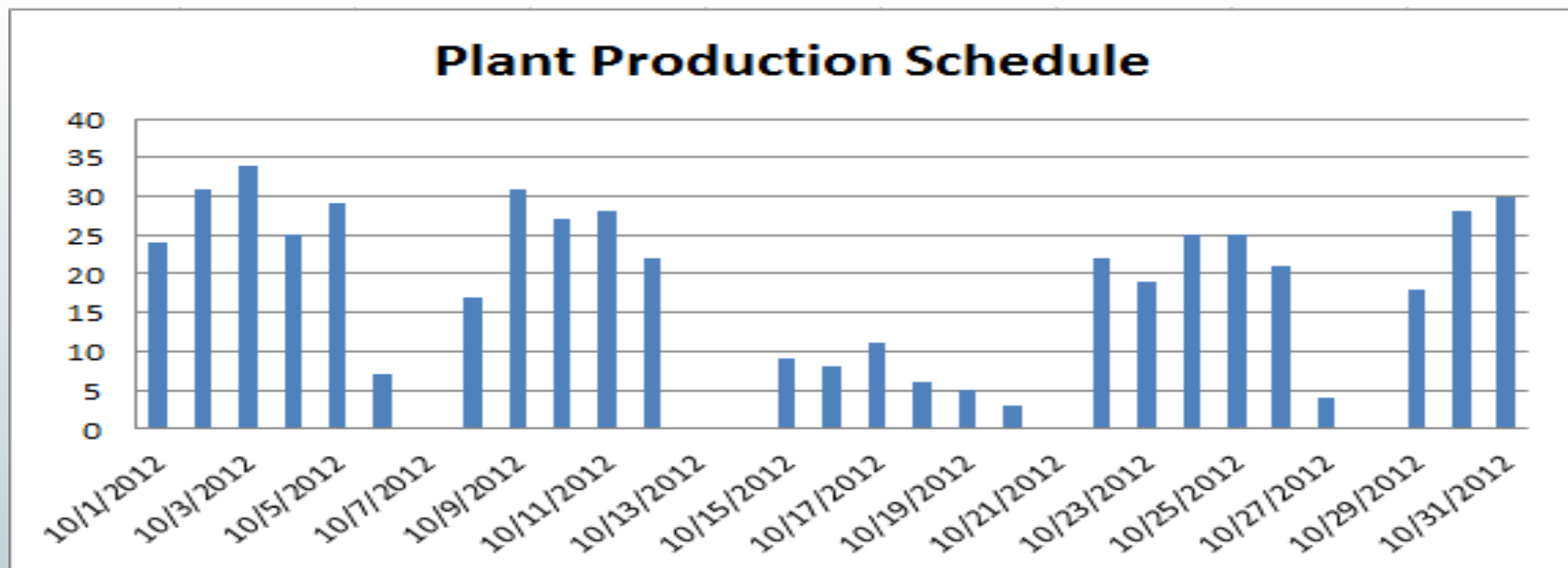
Releasing Yards and Whole Goods Distribution

Volume Planning



- Volume planning is based off of the plants monthly goals.
- Once the goals are published we can go into production schedules and forecast to our carrier base to let them know when we plan to receive completed units.

Plant scheduling is typically done on a linearity schedule

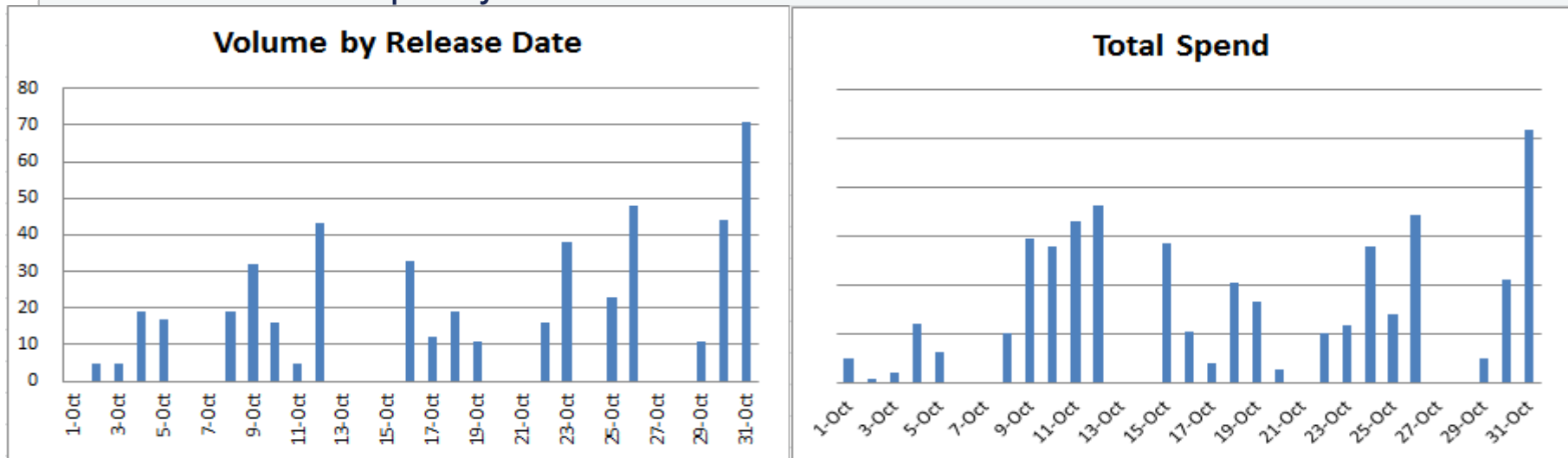


** Charts based off one location for one month.

Volume Planning Issues

Common issues that arise with volume planning

- Production Schedule Changes –
 - Changes in the schedule tends to push units back into later dates which makes it tough to forecast the loads to carriers because Logistics doesn't know when the units will be ready.
- Heavy End of the Month Shipping –
 - Because of the schedule changes, we typically see a bulk of our units pushed into the last week of the month.
- Carrier Capacity Issues -



** Charts based off one location for one month.

Ways that CNH has improved the process



- Relay Yards
 - Locations that CNH has contracts with lower cost carriers in order to move the units during the month end pushes. This helps with making the monthly targets and keeping freight spend down.
- Consolidation Centers
 - Facilities that CNH can send shipments to consolidate freight from several plants, in order to fully optimize trailer space and freight spend.
- Improved Forecasting
 - Improving communication with the plant to better understand the production schedule while working through the issues that arise. This allows CNH to work with the carriers to let them know what freight we do have coming from the plants.