

# The pens-whirlpool partnership

Business



With this varied Inventory, plus a large direct sales force in more than 170 countries and an unpredictable sales cycle, effective supply chain management is critical for continued growth. Whirlpool has not always considered logistics a competitive advantage. However, since naming Pens as lead logistic supplier, Whirlpool experienced cost savings, increased customer satisfaction and found a partner to help integrate the recent acquisition of Mayday. Whirlpool as its single logistics provider for the Quality Express network.

Pens was responsible for the logistics of the entire network, including managing the relationship of the two regions it subcontracted. This Pens-Whirlpool partnership replaced Whirlpool's previous logistics solution, comprised of two incumbent third-party logistics providers.

The partnership accomplished Whirlpool's early logistics objectives, most notably, to establish effective processes and procedures, allow for more visibility of the company's distribution network and reduce supply chain costs.

Recently, Whirlpool's management took a more customer-centric approach to analyzing its supply chain and began benchmarking its supply chain against other companies to identify "best in class" practices. This exercise prompted Whirlpool to question whether having a single logistics provider was the best structure to exceed customer expectations and maximize cost savings. At the same time, Whirlpool was gearing up for the monumental acquisition of Mayday.

Challenges To effectively leverage its supply chain to maximize cost savings, while also positively influencing the overall Whirlpool customer experience To swiftly and efficiently integrate Mayday operations Pens Provides the Solution After completion of Its customer-centric supply chain analysis, Whirlpool knew Innovation was necessary to maintain a competitive advantage. After careful consideration, Whirlpool decided to adjust the company's supply chain structure and Introduce additional pals Into the mix.

By taking this step, Whirlpool hoped to further reduce supply chain costs. Solutions assumed responsibility for execution and management of third party logistics providers (pals), and provided an enhanced ability to view each supplier's key performance indicators integrated with financial Pens built a new routing tool specifically for Whirlpool that offered overall cost optimization and mode selection Pens helped to integrate Mayday operations through consolidating Local

Distribution Center (OLD) networks, optimizing routing of Regional Distribution Center (RD) shipments, determining optimal fleet size and operating network, combining co-located Mayday and Whirlpool RD locations and integrating the Hi/Lo network to improve product availability and fill rates “ Our business relationship with Whirlpool is one of Pens Logistics' longest-standing and most successful engagements. It's because of that relationship that we are able to quickly understand and evaluate Whirlpool's supply chain and propose solutions to improve efficiency and provide deeper supply chain visibility.

Ray Russell, Senior Vice President – Operations, Pens Logistics Taking a Customer-Centric Approach Supply chain management was not always a competitive advantage for Whirlpool. Pens initially partnered with However, having multiple pals created the need for an objective resource to keep homogeneity for the consumer, select and manage the pals and analyze the overall supply chain. After reviewing internal options, Whirlpool realized it lacked the capability or resources in-house to manage the PL relationships and made the decision not to increase staff to fill this role.

This decision crystallized the need to hire a ALP. As Whirlpool searched for the right ALP, Pens Logistics continually surfaced as the leader in technology and engineering. Plus, after years of working together, Pence’s capabilities were already embedded in Whirlpool’s processes and structure. The main concern facing Whirlpool in its decision to appoint Pens as its ALP was that Pens would have to remain objective when reviewing pals.

Essentially, Whirlpool was concerned about whether Pens could objectively award or remove business from a PL based exclusively on the business requirements and not show NY favoritism to Pens PL. Pens actually assumed the unofficial role of ALP when the need arose.

Pens filled the gaps to re-engineer the Whirlpool network to accommodate the new multiple PL structure. By demonstrating its capability ahead of officially being awarded the contract, Pens built the trust of Whirlpool senior management and made the transition easier. Management, business process improvements, policies and procedures and customer service of all distribution centers and cross-docks Transportation Network Services –

focused on shipment load planning and optimization, mode selection, hinted tendering and monitoring, carrier performance, carrier freight payment, proof of delivery compliance, claims management and managing carrier rates and the key performance indicators (Kips) of all pals, and function focuses on RIP financial analysis, the annual business plan, carrier and provider financial audit, financial reports and statement consolidation

Technology and Engineering – the link that provides Whirlpool visibility to all suppliers, this function includes network design and transportation modeling, warehouse engineering/design, ALP freight and revolver management, ALP portals to pals, web visibility/shipment monitoring, exception/alert monitoring, freight bill audit and payment, business intelligence and EDI interface and support As Whirlpool's ALP, Pens assumed responsibility for execution and management of all pals. Pens ALP became an extension of Whirlpool – in every business, staff and budget meeting.

From a financial perspective, Pens ALP provided Whirlpool with an enhanced ability to view supplier's Kips integrated with financial.

This scorecard provided a clear picture of performance. Pens ALP plopped a monthly reporting process for Whirlpool to review at a high level the ALP, RD and OLD scorecards, as well as the scorecard for every provider location. Pens ALP began conducting monthly reviews with all providers and Whirlpool using the scorecard as the basis to identify best practices and areas for improvement. RD scorecard metrics include inventory cycle count accuracy, damage as a percent of throughput, inbound on-time loading and on-time departure. OLD scorecard metrics include total units per stop, miles per stop and on-time delivery percent.

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Technology is also an important driver in the success of this relationship. Pens built a new routing tool specifically designed for Whirlpool. Whirlpool benefited with overall cost optimization and mode selection. Orders from all pals are sent to the central system, which stores all the shipping data for each region every day and determines the best-cost solution – whether it is a truck carrier, dedicated fleet, etc. This optimization allows Whirlpool to remain confident that everyday they are getting the best-cost solution. Future enhancements are already in development.

When the new 12 littoral is implemented, it will streamline the process even further for processing and payment.

Several larger providers may move to DEED', while other providers can access an online order link process that includes an auto pay function. A Separate Entity is Created Pens was awarded the business. Immediately, Pens ALP began building a strong business foundation to maintain the confidence with Whirlpool that it could act independently. Pens ALP first separated from Pens PL. This separation applied to all facets of the business, including financial statements, technology systems, unman resources and physical location.

The successful separation was crucial to building trust with Whirlpool, as Whirlpool ran the risk of litigation from other PL providers if any party suspected special rights/privileges were being awarded to Pens PL. Pens Logistics provides us with the platform, technology and execution we need to ensure world-class distribution services. Truly, it's been a collaborative partnership since day one. " Steve Whalen, Director of Supply Chain

Operations, Whirlpool Corporation statements, which was accomplished in only 60 days. During this process, Pens and Whirlpool decided what information could be shared and what was to be confidential.

Working together, a code of conduct and process of signing off between the two entities were established. Pens ALP also maximized human resources by not adding any additional staff but, instead, moved qualified associates within the organization to fill needed roles.

Pens appointed several General Managers to oversee key functions, such as: Distribution Network Services – including support of strategic sourcing and contract administration, provider payment Pens ALP Scorecard Highlights In only four months, Pens ALP was able to: Increase on-time loading 13 percent Increase on-time departure 13 percent Increase on-time delivery to OLD 12 percent Getting Focused on the Mayday Integration At the same time Whirlpool changed its supply chain structure, it also acquired Mayday, resulting in one of the largest retail acquisitions. The primary focus of Pens ALP and all of the suppliers quickly became the swift integration of Mayday operations.

This effort included several intricate steps: consolidating OLD networks, optimizing the routing of RD shipments, determining optimal fleet size and operating network, combining co-located Mayday and Whirlpool RD locations and integrating the Hi/Lo network to improve product availability and fill rates.

The next step for Manta's outbound integration is combining the distribution centers. Both Whirlpool and Mayday have distribution centers. Pens is <https://assignbuster.com/the-pens-whirlpool-partnership/>

providing additional systems and operational support, including process flow, information routing between SAP and multiple providers' systems and ensuring correct information within SAP. Then the final step will be integrating the warehouses.

Immediate Savings and Looking International Pens ALP continues to enhance Whirlpool's supply chain visibility, increase cost savings and better optimize routing. The supply chain transition and the integration of Mayday are still in process, but Pens was able to provide Whirlpool with some immediate savings.

By assuming responsibility for Manta's private fleet Pens saved Whirlpool more than \$1 million. And, Whirlpool has gained close to \$5 million from a combination of additional volume from Mayday, savings from the competitive bid process and re-adjusting surcharges. Whirlpool supply chain estimates more than \$40 million in savings from the Mayday integration. " Pens is an extension of the Whirlpool supply chain.

Pence's partnership with Whirlpool absolutely epitomizes teamwork. It's everyone working together as one.

" Paul Vanderburgh, Director, Quality Express Operations, Whirlpool Corporation Whirlpool's inbound structure was already fairly centralized, while Mayday operated Pens ALP began working toward the ultimate goal of getting the inbound model of Mayday to emulate Whirlpool. Pens PL was awarded ownership of three aouses, which included ownership of the employees and a small private fleet used mostly for inbound and some



outbound deliveries. Pens PL took over the fleet to alleviate Whirlpool's risk. Pens ALP uncovered several areas for immediate savings.

Between 30 to 40 percent of Mayday suppliers were the same as Whirlpool, so Whirlpool could immediately start streamlining operations.

Whirlpool and Mayday had outbound freight that would go to the same area but be delivered separately. Pens ALP helped determine how best to divide outbound freight among dedicated fleet, common carrier, etc. This provided Whirlpool with an interim solution to experience cost savings earlier by using a Pens system to consolidate orders for freight before the integration of the two systems was complete. " There is no secret to the success of our relationship with Pens. Our close partnership and collaboration enables Pens to be an extension of our business operations. And, just like our work is never done, neither is Pence's.

They are always looking for new ways to improve efficiency and accountability. " Steve Whalen, Director of Supply Chain Operations, Whirlpool Corporation The Pens-whirlpool relationship is a reflection of how, in today's competitive marketplace, a company's supply chain must evolve and logistics providers have to evolve with their customers. Pens ALP remains focused on maintaining its valued partner relationship with Whirlpool. While the supply chain evolution and Mayday integration is far from over, Pens ALP is already beginning to assist Whirlpool in providing better visibility internationally.