Materials Management Assessment Mitigates Global Sourcing Risks

Industry Issue

In the early 1990s when global sourcing began playing a significant role in the competitive environment of the automotive industry, OEM-specific requirements, multiple surveys and supplier self-assessment tools hindered suppliers and created material delays. Demands for shorter lead times and more reliable material delivery required a faster, more flexible and efficient flow of information and products throughout all tiers of the supply chain.

Unique Insight

AIAG and its industry volunteers, in partnership with Odette International, developed the MMOG/LE, a global best-practice standard that measures (through self-assessment and observation) an organization's materials management capability. The guideline created a basic blueprint and common language for more effective just-in-time materials management of international shipments. Especially effective in accelerating the development of new suppliers in emerging countries, the MMOG/LE is used as a continuous improvement tool that also provides a gap analysis, action plans for addressing deficiencies in logistics and best-in-class materials management processes and visualization tools.

Results

Through implementation of the MMOG/LE standard, suppliers have seen up to an 85 percent reduction in premium freight costs and an 80 percent reduction in obsolete materials. Reducing line stoppages, inventory carrying costs, premium freight, rework, and shortening lead times mitigates supply chain risk.

Participating Companies

APICS Greater Detroit
Benteler Automotive Corp.
Chrysler Group LLC
Delphi Corp.
Federal-Mogul Corp.
Ford Motor Co.
GALIA Association
Gates Corp.
General Motors Co.
GXS / Global EXchange Services
Honda of America Manufacturing, Inc.
Johnson Controls, Inc.
Odette International
QAD
Radley Corp.
Robert Bosch LLC
SMMT Industry Forum
SPEDE Technologies
Visteon Corp.
Volvo Truck North America, Inc.