

# »»» Supply Chain Management

## Achieving Peak Efficiency



Recent events have clearly demonstrated the challenges in managing the scope, scale and complexity of today's automotive supply chain.

AIAG's materials management, ecommerce and logistics initiatives are far-reaching and can have a significant impact on supply chain efficiency - whether the goal is to improve the flow of information,

reduce in-transit damage, speed up the flow of parts through international borders, or provide greater visibility anywhere in the system.

AIAG Supply Chain Management initiatives provide guidelines, training and educational opportunities to understand and manage the complexity and scope of supply chain issues.

### **Supply Chain Management Steering Committee (SCSC)**

Understanding the complexity of supply chain operations is an evolving and challenging part of business management in a global economy.

The Supply Chain Management Steering Committee is comprised of executives from automotive OEMs, parts suppliers and service providers that provide a broad overview of industry needs in materials management. They provide an oversight for the prioritization, selection, development and deployment of initiatives designed to strengthen the automotive industry supply chain.

The Supply Chain Management Steering Committee is chartered to drive awareness and implementation of industry best practices. This is accomplished by publishing guidelines and white papers, developing standards, conducting training and certification workshops, and hosting industry-specific events to drive awareness and implement industry best practices.

### **Returnable Container Core Planning (RCCA)**

The widespread use of returnable containers represents a substantial investment by the industry. Effective management of returnable containers and expendable packaging means having the correct quantity of the proper containers and dunnage at the right place at the right time at minimum cost to supplier, carrier and customer.

This advisory committee oversees the work groups responsible for initiatives in returnable container visibility, tracking, and needs calculation, container and packaging standardization, and the development of other best practices related to increasing efficiency in containers and packaging management.

### **Customs/Supply Chain Security (SCSI)**

Voluntary government sponsored initiatives such as Customs Trade Partnership Against Terrorism (C-TPAT) and Partners in Protection (PIP) are cooperative programs aimed at strengthening and improving international supply chains and improving border security. Customs and Border Protection (CBP) is one of the U.S. Department of Homeland Security's largest and most complex components, with a priority mission of keeping terrorists and their weapons out of the U.S. Likewise, the Canada Border Security Agency (CBSA) has a similar mission for Canada. However, the price of security is stringent enforcement of hundreds of import and export regulations.

The Customs/Supply Chain Security Initiatives group develops tools to help address common security issues to keep the flow of material and parts moving efficiently across U.S. borders. This committee is also responsible for planning the highly regarded annual AIAG Customs Town Hall, which highlights ever evolving border regulations in North America.

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### **Export Compliance (ECAG)**

Serving as a networking and benchmarking group to discuss and review the range and complexity of export regulations that affect the automotive industry, the Export Compliance Advisory Committee fosters the development of robust export compliance programs and works to improve the communication within the industry. To this end, the committee provides a common message and better understanding of export compliance laws and regulations while allowing organizations to share best practices in a collaborative environment. This group is also responsible for planning the AIAG Export Compliance Symposium.

### **Damage Claims (MMDC)**

The damage claim filing and recovery process for carriers that service OEMs are similar, but variations exist. This forces manufacturers and transportation carriers into subjective analysis and a labor intensive review process.

The Damage Claims work group creates global filing procedures for reporting vehicle damage during the transportation process. Thus far, the work group has published a five-digit code guideline that defines the damage area, type and severity. Current initiatives include a Key and Key Fob placement policy, a complete inspection and verification process, and AAR/MVMA codes update (now referred to as the M-22: Finished Vehicle Transportation Damage Standards and Guide).

### **Supply Chain Risk Management (SCRM)**

The impact of recent events, such as natural disasters, and the constant changes to regulatory requirements, has highlighted the need for a robust understanding of supply chain risk and effective risk management. Failure to deal with risk can affect everything from company reputation to the ability to maintain production. In all cases, it has an impact on shareholder value. The Supply Chain Risk Management committee works to develop educational resources focused on industry best practices in both identifying and managing risk.

### **OEM Transportation Optimization (OEMO)**

The OEM Transportation Optimization committee works to develop strategies, programs and processes to more efficiently utilize the resources of the finished vehicle logistics infrastructure supporting North American operations for the benefit of all parties involved. The vehicle logistics industry is facing capacity constraints, an expectation of increasing volume, driver shortages and potential new regulations (e.g. carbon footprint). This group collaborates to pool and consolidate current and planned finished vehicle distribution patterns without revealing future marketing strategies or pricing agreements.

### **Global Materials Management Operational Guidelines**

Global Materials Management Operational Guidelines/Logistical Evaluation (MMOG/LE) is a supplier self-assessment and continuous improvement tool with a correlating training course that improves materials management efficiency and accuracy while reducing costs from errors and waste. This work group develops tools to assist with the implementation activities for MMOG/LE.

MMOG/LE is the global standards for supply chain management processes that provide industry best practices. It is intended to establish a common definition of materials practices to facilitate effective communication between trading partners.

The tool can be used by both supplier and customer throughout the entire product life cycle, including early product development and pre-production phases, and the post-production aftermarket/service phases.



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