

Keeping an Automotive Industry Manufacturer in the Driver's Seat

Transforming an inter-regional supply chain for greater control



Case Study: Tenneco Inc.

Challenge Summary

Tenneco Inc. wanted to ensure two new United States-based customers (John Deere and Caterpillar) received on-time destination delivery, materials and transportation visibility, and accurate and timely international documentation for their shipments between the United States and Germany.

At the time, the suppliers, from which the automotive product and systems manufacturer was sourcing, had little or no experience with international logistics.

Services & Technologies Used

- Logistics management
- Vendor management
- Warehousing and consolidation
- Control tower for air and ocean shipments
- Transportation: air, ocean, land
- Project Services
- Pick-n-Pack/Crating

Challenge

Tenneco is one of the world's leading designers, manufacturers and distributors of emission control and ride control products, which are systems for the automotive original equipment market and aftermarket.

When Tenneco was awarded business from two global companies based in the U.S., the manufacturer had to coordinate with its new customers' more than 30 suppliers in the U.S., Mexico and Canada.

BDP International was selected by Tenneco to manage its North America to Germany shipments for the new customers. The primary goal of the logistics provider was to support all the suppliers in order to create the necessary documents and coordinate the schedules for all overseas shipments.

A major challenge was that most of the suppliers had no experience with international logistics and the necessary preplanning of their production schedules to meet the delivery requirements of Tenneco's buyers in Germany.

Solution

Felice Patti, Senior Manager GSCM Logistics EU, is the transportation and logistics decision-maker for Tenneco in Europe. Located in Edenkoben, the company's headquarters in Europe, he asked BDP Germany if the company could create a control tower to manage its air and ocean shipments, centrally positioned in the U.S., where most of its two clients' shippers were located. BDP's office in Chicago was selected.

"Tenneco selected BDP thanks to its good performance with some spot airfreight at the beginning of our relationship. Tenneco invited BDP to participate in a Global Ocean Tender, which led to the company being nominated for business following the RFQ," Patti said.

According to Frankfurt-based Roberto Trebisonda, Regional Product Executive EMEA, BDP Transport—the company's account manager for Tenneco in Germany—the original goal was to move everything by ocean, which was Tenneco's normal practice. However, due to production issues by some shippers, a number of parts could not always be produced in time. "That meant air had to be used for eighty percent of shipments, instead of ocean, including flash air for very urgent shipments," he said.

"In order to provide our customers with continuous first-class service throughout the whole supply chain, it is absolutely necessary to have a flexible, professional and motivated partner like BDP on our side."

Felice Patti, Senior Manager GSCM Logistics EU - Tenneco

"In the automotive industry, the parts sector is one of the most demanding in terms of schedule management and cost control," said Lawrence Chang, Regional Business Manager for BDP Chicago. (The BDP-Chicago-Team coordinates all the vendors and the transportation operations for Tenneco's German operations

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Roberto Trebisonda, Regional Product Executive EMEA, BDP Transport

in the Americas.) “Shippers cannot afford to have a problem with parts shipments. The impact of a production shutdown for an automobile manufacturer would be huge,” he said.

Improved communication was one of the biggest considerations for BDP during the implementation phase. “When you have multiple suppliers—in this case 33 in three different countries—communications can get a little foggy at times,” Chang emphasized.

To get everyone on the same page, BDP held a conference call with all suppliers responsible for quality assurance, materials management, inventory control, as well as the purchaser responsible for Tenneco in Germany.

BDP recommended a training program for all shippers—to help them fully understand what documents had to be prepared for their international logistics. BDP Chicago performed face-to-face and webinar training for international documentation, international packaging, Incoterms, material-classification, and logistical-routing aspects. BDP also conducted weekly follow-up sessions with each individual supplier to ensure their full understanding and full commitment to the process. The training was successful. Earlier this year, BDP moved to quarterly follow-ups and began introducing areas for enhancement, i.e. types of packaging based on material.

Implementation of standard scheduling for air and ocean transportation also provided a greater awareness for suppliers when producing their material to meet required deadlines.

“Thanks to a more tightly managed process with shippers, there are fewer urgent shipments anymore because everything is calculated,” Chang added. He said BDP ensures the shippers identify the latest delivery times to Germany for each purchase order to make certain the freight is ready.

“BDP helped to build a bridge between Tenneco in Germany and its overseas shippers. Now we manage the entire purchase order process,” Trebisonda said. “We are at a point where it runs very well.”

To further improve the process, BDP established a warehouse in Chicago, where the BDP team arranged with local trucking companies to transport shipments to the warehouse, handled consolidations, built containers and managed shipments to Tenneco’s three locations in Germany.

At first, all materials were being delivered to a consolidation point by a third-party LTL provider for BDP to pick up and re-ship to its BDP-CFS (Consolidate Freight Station) point. Based on each supplier’s location, type of materials and packaging, BDP recommended LCL consolidation, which allowed the logistics provider to generate its own BDP FCL Ocean Container.

BDP reconfigured the consolidation point from Anderson, Indiana to Elk Grove Village CFS by utilizing the LTL provider’s Midwest “milk-run” concept, which allows BDP to decrease transit time by one or two days, depending on origination, and reduce inland transportation costs.

BDP’s control of material reduced ocean transportation costs and re-handling costs by the co-loader, providing additional value-added benefits for Tenneco.

Material visibility also required enhancement, due to the number of areas placing orders: quality, purchasing, international sales, material managers, and inventory managers. BDP designed a report that captured each individual part’s number, quantity, supplier’s name, SO / PO number, ETD, and ETA—all of which are provided weekly to the Tenneco community.

When asked why BDP’s services are important for Tenneco and his company’s operations, Patti said, “Tenneco is a Tier 1 automotive supplier and our customers have very high requirements. In order to provide our customers with continuous first-class service throughout the whole supply

chain, it is absolutely necessary to have a flexible, professional and motivated partner like BDP on our side.”

Patti says the primary capabilities he looks for in the selection of transportation and logistics resources are the same as the benefits of the Tenneco/BDP relationship: flexibility, reliability, highly motivated and professional employees, fair market prices, and accessibility.

Chang pointed to the team’s transformation of the client’s global supply chain within six months. “This could not have happened without the trust and relationship that Tenneco has with BDP as their lead global logistics solution provider/partner. Communication is KEY. Understanding the client’s and the suppliers’ expectations is important. When you do that and do it well, you can provide the right solution,” he said.

How Tenneco benefits from working with BDP

- On-time destination delivery
- Materials visibility
- Transportation visibility
- Accurate and timely documentation of international shipments
- Central control towers in Germany and the U.S.
- One-source contact for all North America suppliers
- Standardized process for all transportation modes
- Centralized documentation platform



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