

Five Ways
Demand -
Driven
Logistics™
Helps
Manufacturers



What is Demand-Driven Logistics™?

At its core, Demand-Driven Logistics™ is the process by which a manufacturer partners with a 3PL to streamline their supply chain's efficiency, while incorporating industry-standard lean principles to guide the process. From the time a part arrives at the warehouse from a supplier to the time finished goods are prepped for outbound shipment, Demand-Driven Logistics™ guides the manufacturer along, eliminating waste and expense in the production process.

5 Ways Demand-Driven Logistics™ Helps Manufacturing

We live in a time where technological advancements have changed the buying process. Our smartphones have become our wallets and our shopping malls, allowing us to instantaneously purchase what we need (*or want*) at the exact moment we think about it. Changes in consumer demand have forced companies of all sizes to evaluate how they do business today. Whether it's through a mobile app or website, consumers and businesses have altered the way they research purchasing decisions, and they have influenced the demand for receiving a purchase sooner.

As a result, manufacturers shifted the way they think about how they can produce quality products at a competitive cost, while delivering finished goods in an instant gratification world. This puts pressure on manufacturers to invest capital correctly, meet labor demands and turn a profit. In a world where technology is considered outdated in just 18 months, the desire to produce faster, more efficiently and profitably only grows.

Our current economic landscape requires manufacturers to continue to make important spending decisions everyday, as any potential risk must be carefully evaluated. To help manufacturers meet consumer demand while maintaining profitability, one method manufacturers can use is Demand-Driven Logistics™.



So, how exactly does Demand-Driven Logistics™ help manufacturing?

1 It can improve inventory accuracy.

For many manufacturers, managing an inventory of parts to build products does not come naturally. Companies can face high levels of inventory **inaccuracy** when these items are not accounted for in a systematic way. As a result, parts can go missing, not be in stock when they're needed or there could be too much product wasting valuable space. With Demand-Driven Logistics™, inventory levels are minimized through planning and optimized through systems and processes. The result is a streamlined inventory of parts with no interruption to your operation.

2 It can reduce labor and associated costs.

When a manufacturer uses their own labor force to manage their parts distribution and management, it can be costly. Typically, in-house labor wages are significantly higher than compared to a 3PL. Demand-Driven Logistics™ can smooth out this variable cost by making it easier to ramp up for peak season or reduce during slower times. The result is optimized labor costs year-round.



It can create a 21st century technology solution for your operation.

Often, a manufacturer's IT system to manage parts inventory and line side delivery may not be ideal or may not even exist at all. Using traditional lean manufacturing concepts, a Demand-Driven Logistics™ solution can incorporate IT visual elements with Andon Visual Technology to help a manufacturer see its operation in real time. With this technology, an employee on the line can request a part via Kanban order when replenishment is needed, and within seconds, the warehouse is notified when that the part is requested. From there, a warehouse employee electronically receives the order, picks it, enters it into the IT system, a shuttle driver delivers the part and it's on the line before the employee needs it. A sophisticated IT system streamlines your line side operation, reducing headache and increasing productivity, all the while predicting need.

It can increase a manufacturer's operational capabilities.

When a manufacturer has their employees managing parts and using valuable floor space to store those parts, operational capabilities are reduced. With a Demand-Driven Logistics™ solution, completing most of the assembly work and storing products off-site with a 3PL reduces the need for space within your own facility. The parts and sub-assemblies required in your operation are delivered as they are needed – which reduces the cost of paying for parts and labor before you really need them. This also can reduce overhead costs and free up space for other uses, like additional production lines, thus making your operation more efficient and profitable.



5 It gives you access to experienced logistics professionals.

Sometimes in a manufacturing operation, an individual or a small team is responsible for the day-to-day logistics responsibilities in a given facility, and managing all aspects of that operation can be overwhelming. When a Demand-Driven Logistics™ solution is incorporated into an operation, the partner can provide an entire team of resources from IT, operations, human resources, engineering and more to design a customized solution to meet specific nuances related to your operation's needs.

For more information on Demand-Driven
Logistics™, please contact us.

Jeff Alexander
Manager, Sales
ODW Logistics, Inc.
1717 Pearl Street
Waukesha, WI 53186
920-210-2428
jeff.alexander@odwlogistics.com



ODW  Logistics, Inc.