



Good thinking. Globally.

# OEM's Key to Aftermarket Parts Growth

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Sustain High Order Fulfillment Across  
Cycles with World-Class Demand &  
Supply Collaboration

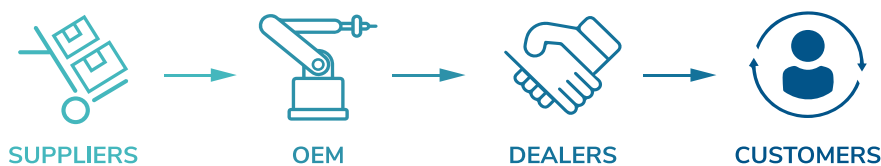
CGN (along with its partner TADA) is helping a Fortune 50 industrial OEM enable World-Class Demand & Supply Collaboration to build an Effective, Aligned and Integrated End-to-End Value Chain, creating aftermarket parts growth at a lower total supply chain cost.



# WHAT IS THE BIG DEAL?

In today's world economy, it is crucial for OEMs in automobile, heavy machinery and consumer electronics businesses to be responsive to customer demands for aftermarket parts. These customers are demanding OEMs for 100% DIFOT, (Delivery In Full On-Time fulfillment) and the logical first requirement in achieving higher fulfillment rates is adapting to an ever changing forecast.

OEMs seem uncomfortable releasing schedules to suppliers for an extended outlook of time, (beyond 6 to 12 months). Demand coming from dealers typically isn't aligned and aggregated with customer's demand at a high enough confidence level. This uncertainty on the front end creates ripple effects across the supply end, hampering order fulfillment for long lead time and high demand parts, causing increased backorders, obsolete inventory across the network and higher costs to serve. OEMs implement supply chain initiatives like supplier recovery, supplier collaboration, and strategic sourcing to improve the supply performance.



## Who is in the End-to-End Value Chain?

In simplest form, we assume four entities comprise most automobile/ heavy machinery/ consumer electronics OEM value chains.

## What are the Big Questions to Ask?

Sales and Operations Planning (S&OP) within the four walls can promote visibility within the enterprise and foster collaboration among business functions. However, the functions involved in S&OP vary from organization to organization, and rarely stretch beyond to value chain partners. We identified three critical questions for OEMs challenging their ability to sustain high delivery performance across business cycles.

- Is the incoming forecast to OEMs from dealers aligned with customer demand?
- Do the orders submitted to OEMs by dealers match a forecast that extends well in advance of normal lead times?
- Are exception-based decisions being made to address demand fluctuations and ensure inventory is not excess or obsolete?

## CGN's Solution

CGN is working with a Fortune 50 client to integrate the end-to-end value chain with strong collaboration across all entities. These opportunities and solutions can be applied to any automobile, heavy machinery or consumer electronics OEM. A robust process and digital collaboration capability will align and integrate information and material flow between all entities, which will maximize planning effectiveness and parts fulfillment effectiveness across business cycles.

**OEMs invest huge sums fixing the irregularities on one side of the supply chain with Tier 1, 2, 3 suppliers, but not necessarily on the other side of the chain to improve the COLLABORATION for demand & supply planning WITH DEALERS AND CUSTOMERS.**

# 3 PILLARS FOR SUCCESS

## 1. Data & Technology

A common platform is required to gather forecast and order information from all entities to create unique-identifier data and conduct demand and supply planning to review variability in forecast-forecast, forecast-orders and supply availability.

TADA's Digital Duplicate: Master Data exists throughout the value chain across entities and is essential to business operations. TADA create a Digital Duplicate of the business ecosystem by collecting and cleansing disparate data from Customers, Dealers, and Suppliers.

## 2. Key Performance Indicators

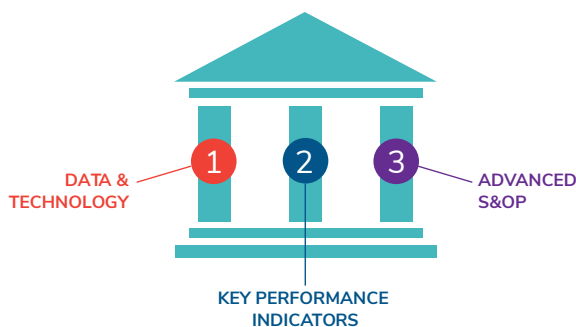
- Planning effectiveness metrics for Demand & Supply Planning and Order Alignment
- Effectiveness metrics for Order Fulfillment

Metrics Management: A common, agreed-to set of KPIs is the key to sustaining collaboration and accountability for efficient demand & supply planning effectiveness. The resulting outcomes must represent a win/win for all parties. CGN provides an independent, dedicated team which ensures ongoing alignment and efficient end-to-end process execution.

## 3. Advanced S&OP

- An Advanced S&OP process leverages and integrates existing individual S&OP processes across all entities and stakeholders
- The resulting collaboration across entities addresses demand and supply issues, manages KPIs and root cause analysis and monitors workplans to fix process gaps
- Digital solutions enable KPI visualization & monitoring and automate the data capture & analysis portion of the integrated S&OP effort

An Executable Plan: OEMs implementing Advanced S&OP can see and mitigate the risks associated with the resulting Demand & Supply plan and gain a more holistic opportunity to improve parts delivery performance, optimize inventory in the ecosystem, and reduce overall supply chain costs. CGN's subject matter and industry experts can provide you with the intuitive tools and unmatched knowledge to implement Advanced S&OP with your supplies, dealers and customers and grow your aftermarket parts business.



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Tada Cognitive Solutions is all about finding new ways to help our clients leverage the data they already have in an efficient and intuitive way. We are breaking the old model of data warehouses and operational silos for a bold new world based around the relational nature of information and helping businesses transform the way they function as a result.

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