Control Tower Concept for HILTI

Alexander Horak, Corporate Key Account Management

Translog Congress ,Budapest
28th November, 2013

Management Summary

Management summary

Gebrüder Weiss and Hilti

- **Long-term partnership**

- **GW supporting key elements of the HILTI supply chain**

Three main factors:

- *Quality*

- *Timeliness*

- *Efficiency*

"*Control Tower Concept*"

The next slides describe:

- **Initial situation and idea**

- **Steps to successfully implement**

- **Benefits**

- **First positive results**

Introducing myself

Introducing myself – my orange way

- Alexander Horak
- 36 years, Austrian national
- Married, 1 daughter
- Based at Gebr. Weiss branch in AT-Maria Lanzendorf

- 18 years at GW:
  - Started in Operation
  - Customer Care Division (responsible for Key Accounts)
  - Logistics Solutions (Department Head)
  - Key Account Management (global Key Account Manager)

Hilti & GW at a Glance

GLOBAL PARTNERSHIP

HILTI

- founded 1941
- family owned
- 21.000 employees
- 4,2 billion swiss francs
- more than 120 countries

well known for:

High quality products worldwide

Gebrüder Weiss
Transport and Logistics

- founded 1330
- family owned
- 5.250 employees
- 1,15 billion euros
- 162 company owned
  branches in 29 countries

well known for:

High quality logistics worldwide

Initial situation and Idea

Initial situation and idea

Performance on a relatively high level:

- 98,92% delivery performance

- 99,68% quality performance

„ Leaning back is the first step

towards standing still"

„SERVICE EXCELLENCE"

- our aspiration

- fascinate our customers

- create added value

Initial situation and Idea

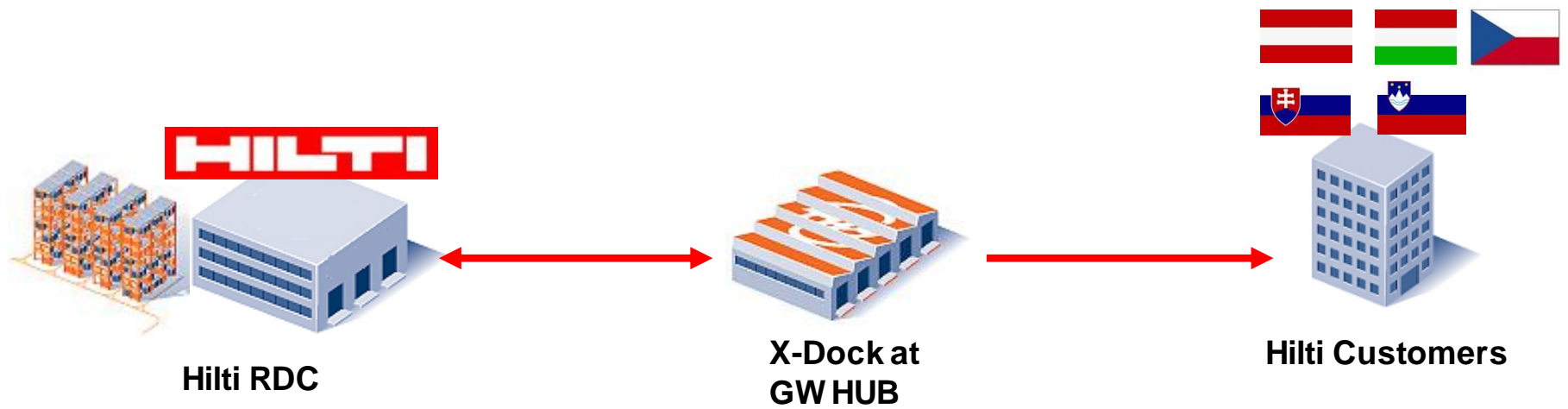**"Lift the cooperation to the next level"**

Overall objective:

- Operational & Service Excellence

Hilti midterm targets:

- Ensure most transparent and efficient cooperation

- Create reliability towards Hilti customers

- Introduce and follow lean aspects

- Actively identify new service options

Initial situation and Idea

Physical GW solution

Hilti RDC

X-Dock at GW HUB

Hilti Customers

Development

Gebrüder Weiss

Centralize data & process view

- *centralize all activities to one single entity*

- *planning all lanes*

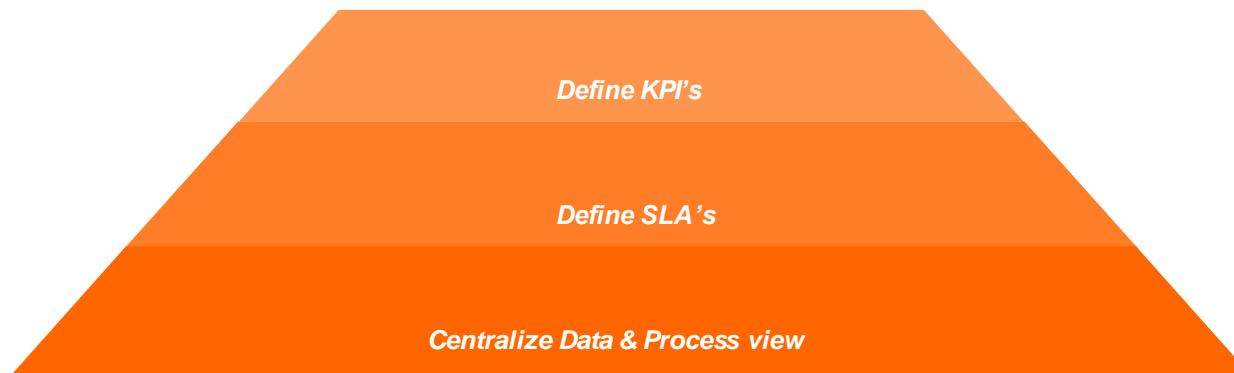- *centralized claim management*

Centralize Data & Process view

Define SLA

- review and adjusments e.g.:

 customer service

-Reaction time and pro activity

Define SLA's

Centralize Data & Process view

Define KPIs

- *review and adjustments*

- *set limits and targets*

Define KPI's

Define SLA's

Centralize Data & Process view

Development

Process design

- *process documentation*

- *visualization*

Process Design

Define KPI's

Define SLA's

Centralize Data & Process view

Development

Gebrüder Weiss
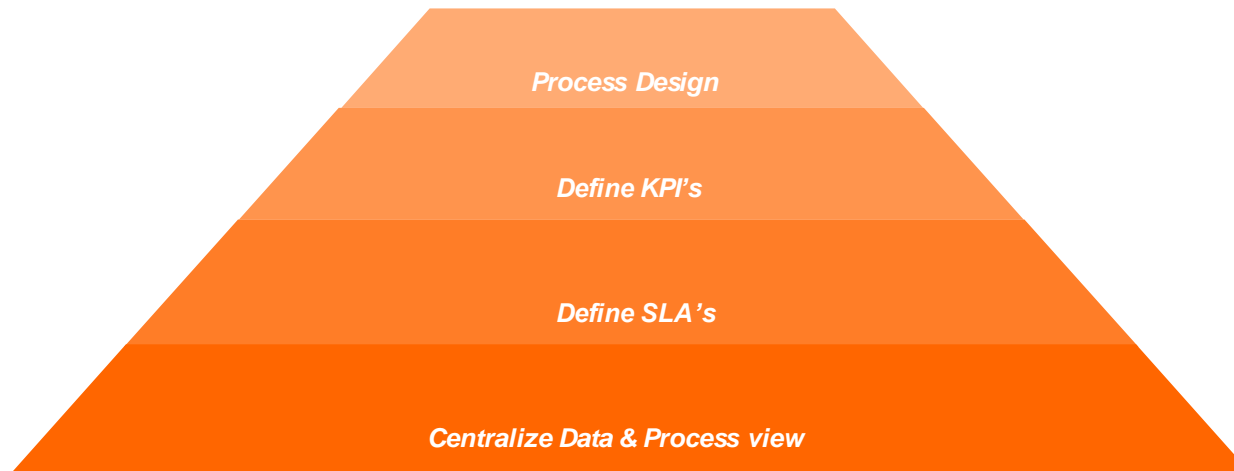
Communication

- *structured communication*

- *discuss topics at the right time*

- *defined participants*

Communication

Process Design

Define KPI's

Define SLA's
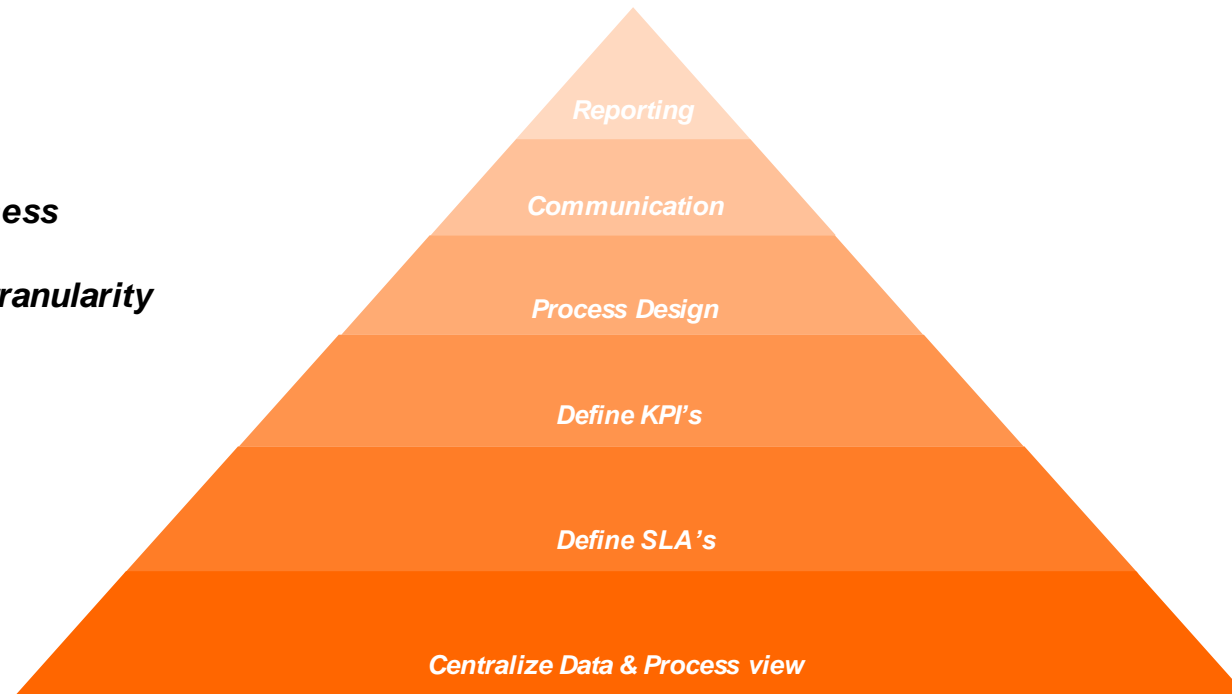
Centralize Data & Process view
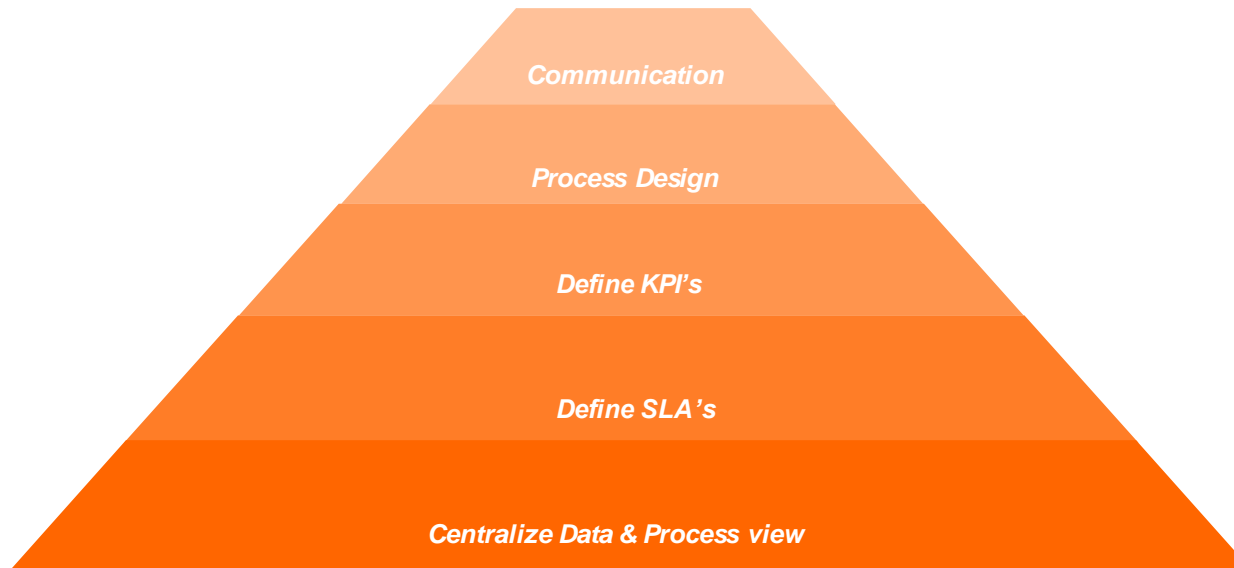
Reporting

„In God we trust; all others must
bring data"

W. Edwards Deming

**Excellence in - excellence out vs.
Garbage in – garbage out**

Mandatory:

- Data accuracy
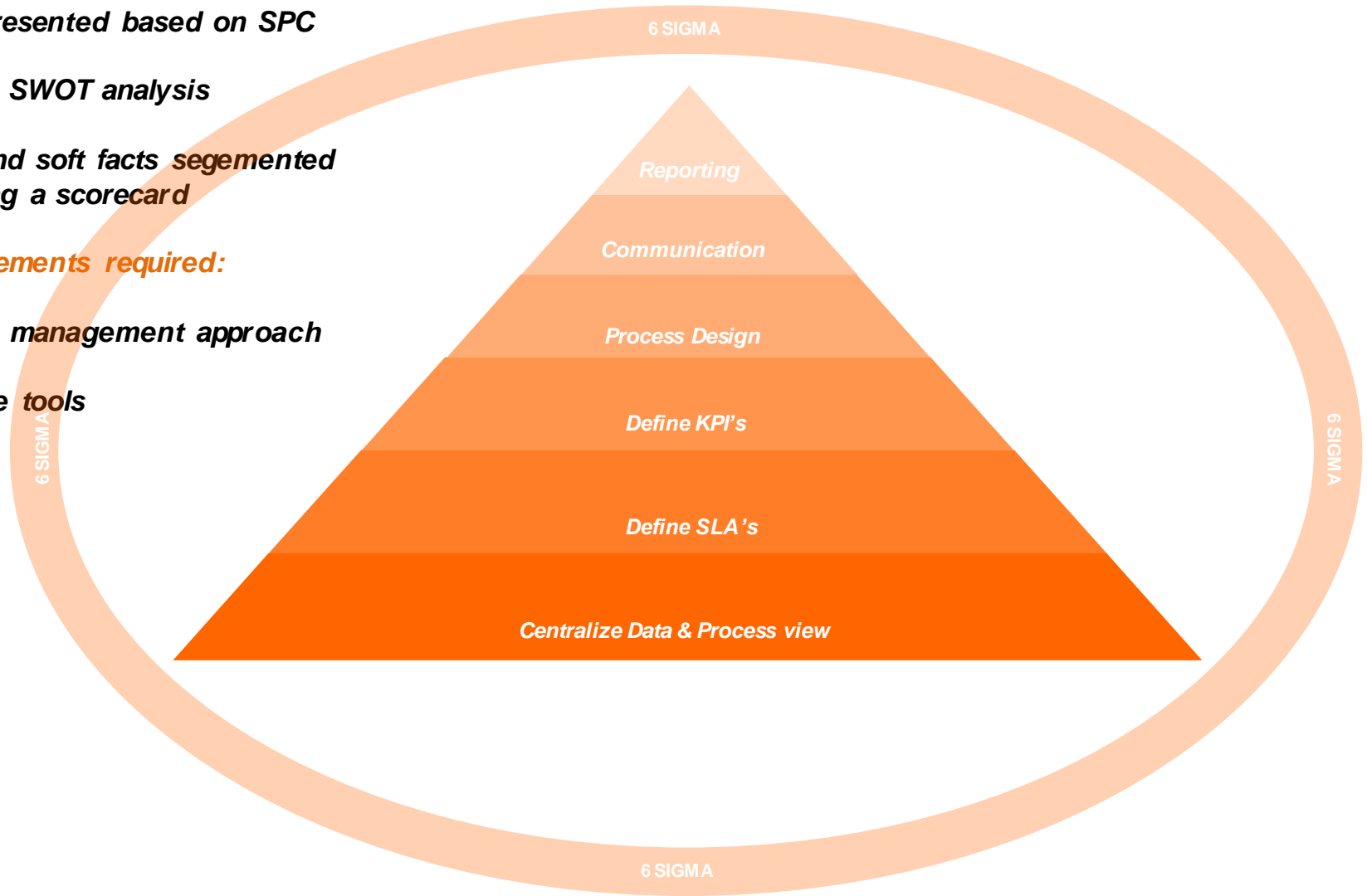
- Data completeness

- required data granularity

Reporting

Communication

Process Design

Define KPI's

Define SLA's

Centralize Data & Process view

Gebrüder Weiss

Six Sigma approach

- **Data presented based on SPC**

- **mutual SWOT analysis**

- **hard and soft facts segemented by using a scorecard**

Basic elements required:

- **Project management approach**

- **Analyze tools**

6 SIGMA

Reporting

Communication

Process Design

Define KPI's

Define SLA's

Centralize Data & Process view

Implementation

Implementation

Communication Structure

Weekly Call

Review of control charts and detailed analysis of items rolled up from the operations

- **Control Charts:** Identify whether a process works within its capabilities or outside, focus on biggest deviations, deviation reasons, planned corrections
- **Projects:** Projects in the implementation / test phase
- **Action Tracker**

MBR

Process performance on different levels and overview of projects and theirs implications

- **Control Charts:** Process variation and improvements
- **Scorecard:** Address red items, high / low lights
- **Projects:** Progress of implemented projects
- **Action Tracker**

QBR

Mutual developments on tactical and strategic topics

- **SWOT Scoring**
- **Control Charts**
- **Seasonality Topics**
- **Market Update**
- **Special Topics**

Operational Topics

Strategic Topics
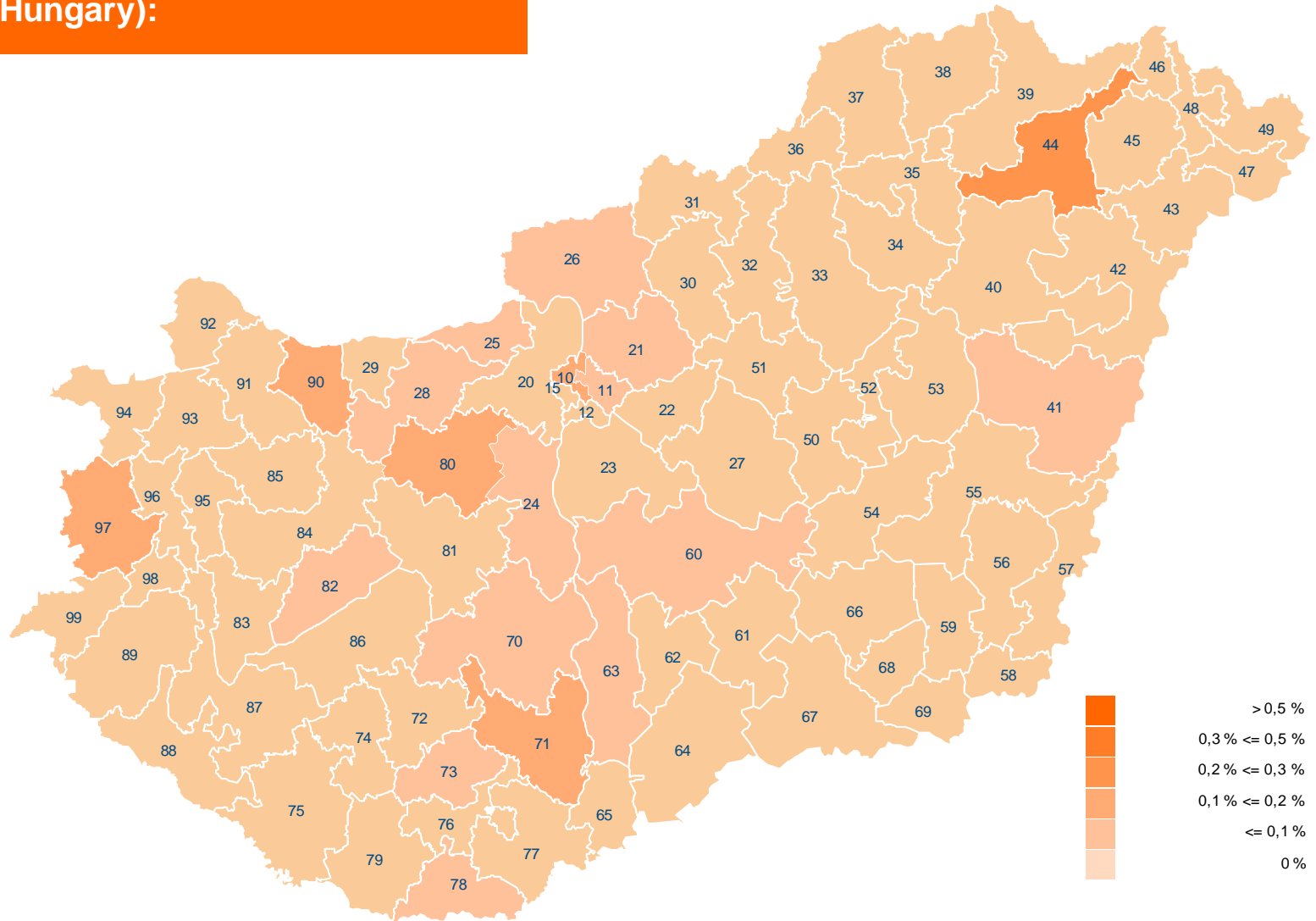
Implementation

Internal data preparation / coordination with Hilti

- **GW internal change of data routing.**

- **Determine reason codes for various reasons that can occur during the process.**

  - *Gross:* The overall performance including failures from Hilti or reasons not related to GW failures (e.g.: force majeure, customer refuse, not at home, etc…)

  - *Net:* The overall performance of GW including failures

- **Discussing expectations, layout and main content of the reporting with Hilti**

Implementation

Visualization by using country maps (e.g.: Hungary):

Performance Report — HILTI

Countries: AT HU CZ SK SI
Period: June 2013

Volume

Count ry	shipments	Colli	weight	ø Colli per shipment	ø weight per shipment	ø shipments per day	ø Colli per day	ø weight per day

Proof of Delivery (POD)

Count ry	shipments	delivered	not delivered	not deliverable	open		Gross POD	Net POD

On Time Delivery (OTD)

countr y	shipments	delivered	within 24 h	> 24 h	failure GV	other reasons	Gross OTD	Net OTD

Lead Time Categories / Gross OTD

Count ry	shipments	delivered	within 24 h	within 48 h	within 72 h	Performance 24h	Performance 48h	Performance 72h

Lead Time in Working Days — **Delivery Quality**

Count ry	shipments	delivered	agreed Lead Time	real Lead Time	shortage	shortage %	damaged	damaged %

Status	Reason Code	Order No	shipment no.	consignee	Country	post code	Colli	weight	pick up date	delivery date
Delivered	Within lead time	261077735	2860491196	PPG JOINS B.O.	CZ	417 42	1	0,4	31.05.2013	04.06.2013
Delivered	Within lead time	261077447	2869052551		CZ	100 00	1	4,3	14.06.2013	17.06.2013
Delivered	Within lead time	261059259	2876780939		CZ	100 00	1	90,0	27.06.2013	28.06.2013
Delivered	Within lead time	261010586	2862170855		CZ	102 00	2	448,3	04.06.2013	05.06.2013
Delivered	Within lead time	261069251	2872299975		CZ	102 37	1	25,0	20.06.2013	21.06.2013
Delivered	Within lead time	261009758	2860476940		CZ	149 00	2	110,6	31.05.2013	03.06.2013
Delivered	Within lead time	261041444	2863053027		CZ	108 00	1	23,0	05.06.2013	06.06.2013
Delivered	Within lead time	261112402	2865569715		CZ	108 00	1	5,0	10.06.2013	11.06.2013
Delivered	Within lead time	261076529	2860476965		CZ	269 01	1	40,0	31.05.2013	03.06.2013
Delivered	Within lead time	261038056	2862170871		CZ	109 00	2	111,2	04.06.2013	05.06.2013
Delivered	Within lead time	261034271	2860476924		CZ	431 15	3	160,0	31.05.2013	03.06.2013
Delivered	Within lead time	261032972	2860273917		CZ	470 01	3	61,1	31.05.2013	03.06.2013
Delivered	Within lead time	261036333	2861977540		CZ	110 00	3	36,1	04.06.2013	05.06.2013
Delivered	Within lead time	261076166	2862240005		CZ	110 00	1	15,0	04.06.2013	05.06.2013
Delivered	Within lead time	261082222	2867392132		CZ	110 00	2	15,3	12.06.2013	13.06.2013
Delivered	Within lead time	261114801	2867392157		CZ	110 00	1	53,0	12.06.2013	13.06.2013
Delivered	Within lead time	260988787	2860476916		CZ	602 00	2	660,0	31.05.2013	03.06.2013
Delivered	Within lead time	261109608	2860477005		CZ	720 00	2	173,6	31.05.2013	03.06.2013
Delivered	Within lead time	261098947	2869730966		CZ	110 00	1	43,0	17.06.2013	18.06.2013
Delivered	Within lead time	261081751	2869936134		CZ	110 00	1	54,3	17.06.2013	18.06.2013
Delivered	Within lead time	261040563	2869936183		CZ	110 00	5	1339,7	17.06.2013	18.06.2013
Delivered	Within lead time	261073077	2870819220		CZ	110 00	1	99,0	18.06.2013	19.06.2013
Delivered	Within lead time	261042835	2871691537		CZ	110 00	2	26,4	19.06.2013	20.06.2013
Delivered	Within lead time	261064179	2872433053		CZ	110 00	1	22,0	20.06.2013	21.06.2013
Delivered	Within lead time	261107737	2872430095		CZ	110 00	1	8,0	20.06.2013	21.06.2013
Delivered	Within lead time	261086021	2872497173		CZ	110 00	3	30,1	20.06.2013	21.06.2013
Delivered	Within lead time	261075650	2861129647		CZ	400 01	3	135,9	03.06.2013	04.06.2013
Delivered	Within lead time	261013784	2861977532		CZ	278 01	1	92,4	04.06.2013	05.06.2013
Delivered	Within lead time	261022779	2873295451		CZ	110 00	1	8,5	21.06.2013	24.06.2013
Delivered	Within lead time	261065130	2862161680		CZ	412 01	1	110,0	04.06.2013	05.06.2013
Delivered	Within lead time	261087567	2863053050		CZ	180 00	1	250,0	05.06.2013	06.06.2013
Delivered	Within lead time	261039372	2862837404		CZ	411 08	1	66,0	05.06.2013	06.06.2013
Delivered	Within lead time	261063649	2863754921		CZ	109 00	3	119,1	06.06.2013	07.06.2013
Delivered	Within lead time	261088742	2863745788		CZ	147 00	2	307,0	06.06.2013	07.06.2013
Late Delivered	Fixed Date	261062037	2863874133		CZ	276 01	1	310,0	06.06.2013	10.06.2013
Delivered	Within lead time	261023746	2866256569		CZ	338 08	1	1,2	10.06.2013	11.06.2013
Delivered	Within lead time	261077743	2866256585		CZ	345 06	1	2,8	10.06.2013	11.06.2013
Delivered	Within lead time	261053880	2866256593		CZ	356 01	1	11,0	10.06.2013	11.06.2013
Delivered	Within lead time	261065369	2866256635		CZ	460 15	1	1,8	10.06.2013	11.06.2013
Delivered	Within lead time	261084169	2869730941		CZ	130 00	1	192,0	17.06.2013	18.06.2013
Delivered	Within lead time	261001674	2869936175		CZ	130 00	2	78,4	17.06.2013	18.06.2013
Late Delivered	Customer not at home	261065292	2872497181		CZ	130 00	5	47,4	20.06.2013	24.06.2013
Delivered	Within lead time	88919501	2866256619		CZ	586 01	1	72,0	10.06.2013	11.06.2013
Delivered	Within lead time	261039647	2866256577		CZ	588 13	1	112,0	10.06.2013	11.06.2013
Delivered	Within lead time	261073248	2864454726		CZ	142 00	1	116,0	07.06.2013	10.06.2013
Delivered	Within lead time	261039929	2866256536		CZ	619 00	1	25,0	10.06.2013	11.06.2013

Implementation

Following the Six Sigma approach

- **Action tracker**

- **Open topics section:**

Item #	Issue / action item describtion	Impacted area	Status updates / closure statements	Impact (high / medium / low)	Urgency (high / medium / low)	Entered by	Issue owner	Opened Date	Due Date	Status	Rolled up into next level action tracker

- **Closed topics section:**

| Item #	Issue / action item describtion	Impacted area	Status updates / closure statements	Impact (high / medium / low)	Urgency (high / medium / low)	Entered by	Issue owner	Opened Date	Due Date	Status	Rolled up into next level action tracker

Implementation

Statistical process control

„Quality means: on target with minimum variance „
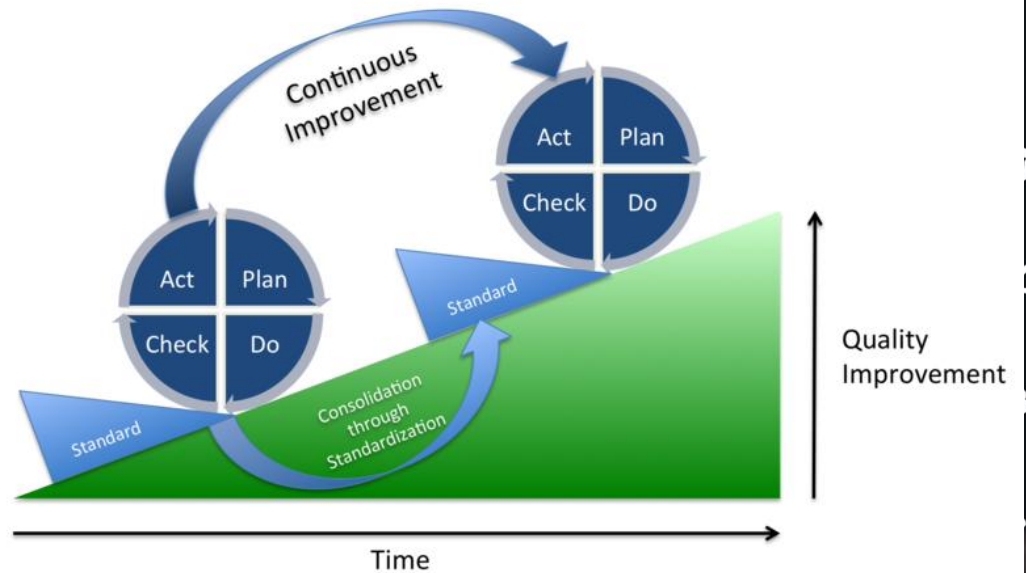Walter Shewhart

Defects & Variations vs. Customer Need

Target

Target

Net OTD
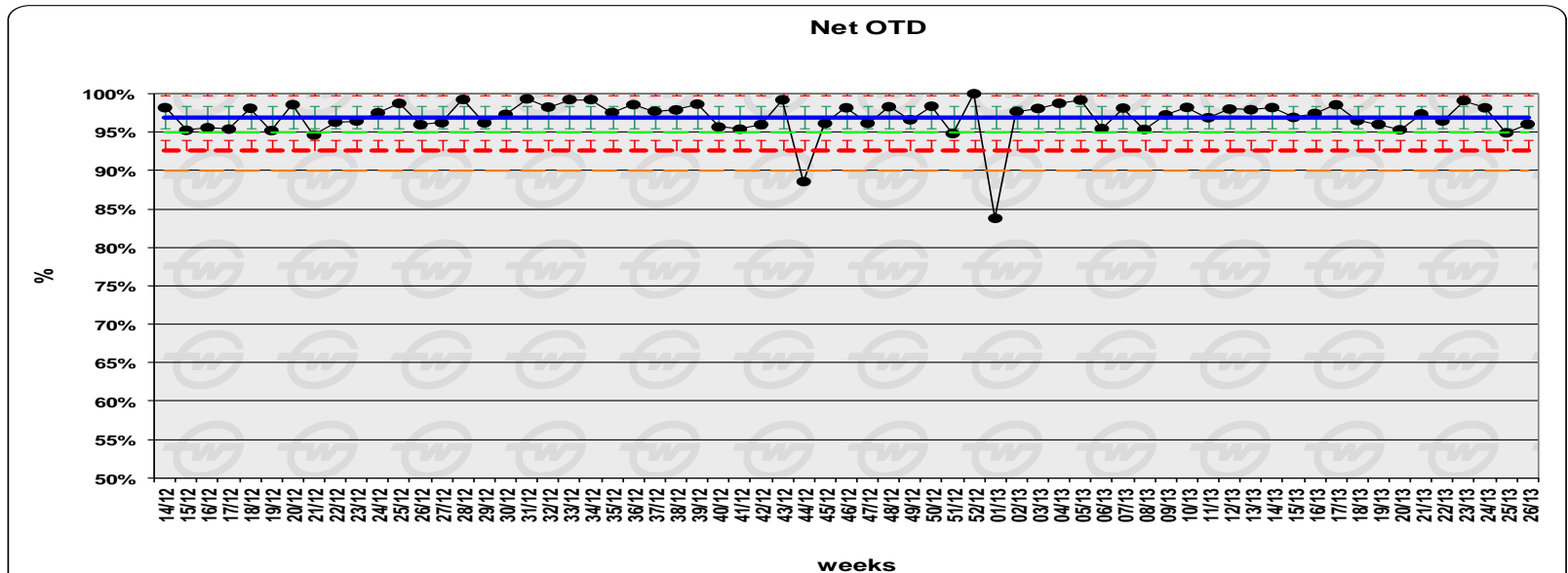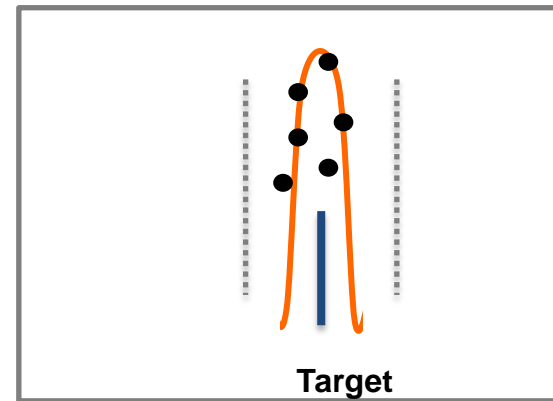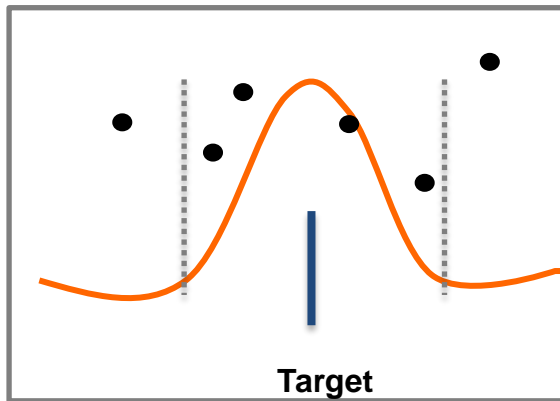
Implementation

Structured process improvement

- **Addressing the reds**
- **PII approach**
- **Techniques**
- **Segment findings & actions**
- **Ensure sustainability**

Implemented actions are:

- to the point
- to deliver the required overall results
- sustainable

Success

Success

The benefits of implementing a professional Control Tower

- **getting the right data to improve processes**

- **more transparency for the partners**

- **stable processes**

- **structured and efficient communication**

- **time for discussing strategic topics**

Success

Goals achieved with the implementation

- topics closed in time +30%

- Process improvements tripled

- Identification top 3 reasons for delivery delays

- Two new services developed

When we discussed our future possible setup for Austria and surrounding countries Gebrüder Weiss came with the idea of managing our business with an **Control Tower** approach.

Nearly one year later I can confirm that we have established it like proposed by GW.
Significant service improvements and at the same time **less effort for all stakeholders** are **key achievements**.

So happy to hear that the concept is now also recognized by this important award!
Congratulations to Gebrüder Weiss!

Joachim Anna
Head Logistics Central Europe