



Peggy Turner

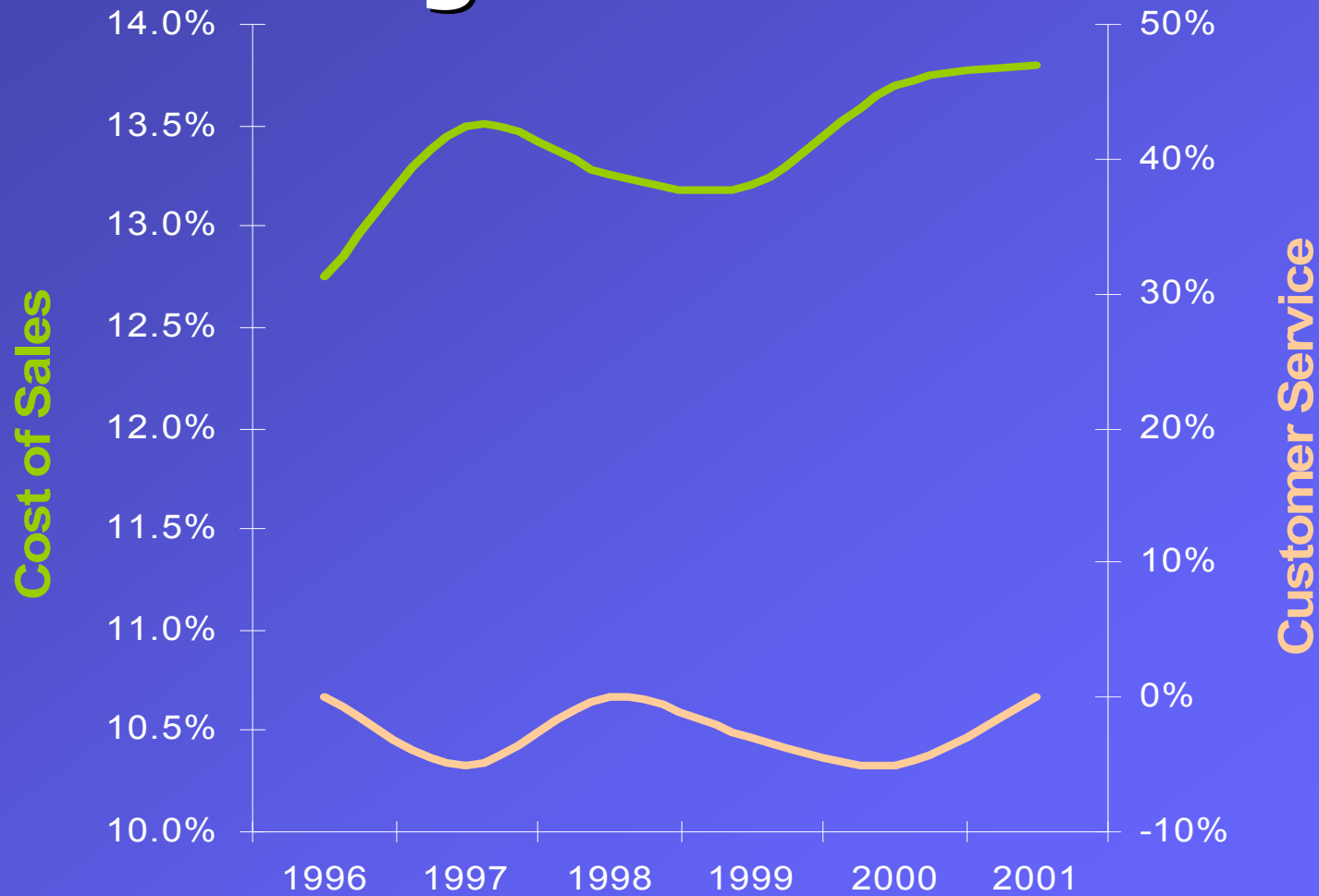
Corporate Manager, Supply Chain Strategy
North American Parts Operations (NAPO)

NAPO Service Parts Distribution Network

More than 800 NA Supplier Locations



Increasing Costs and Stagnant Service



Stretch Goals

Goal

**Stable, High Profit
Contribution & Leading
Customer Service**

Business Objectives

Stretch Goals I

**Improve
Customer
Service**

Reduce Costs

Targets

Increase Perfect Order

Increase ETD Accuracy

Reduce Impact on Environment

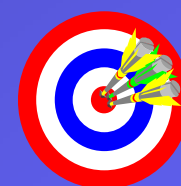
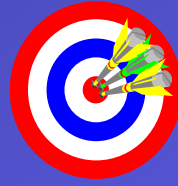
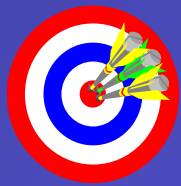
Reduce COS

Reduce COGS

Leverage Globalization

Tension among Target Areas

COST ← → **CUSTOMER** ← → **ENVIRONMENT**



Inventory Reduction
-50%



Back Orders/Fill Rate
-50%

Facility Throughput
+25%



Errors/Safety
-50%

Transportation Costs
-25%



Supply Lead Time
-40%

Packaging/Landfill
-25%

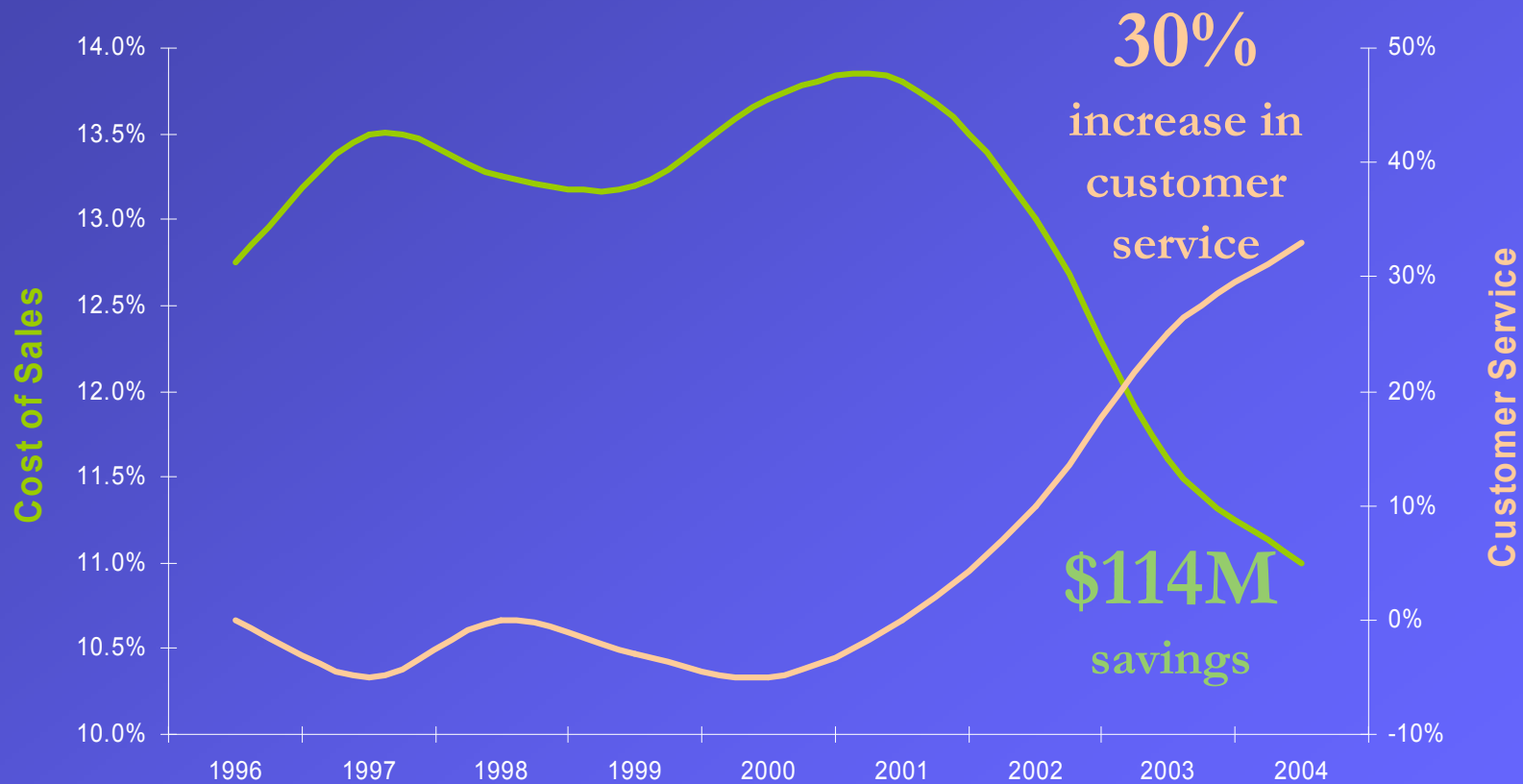


Damage
-50%

Keys to Success

- Supportive Culture
- Leadership
- Metrics
- Coordinating Activities
- Communication
- Celebrating Problems
- Business Partner Relationships
- Celebrating Success

Tracking Our Successes



Stretch Goals II

Goal

**Stable, High Profit
Contribution & Leading
Customer Service**

Business Objectives

**Improve
Customer
Service**

Targets

Increase Perfect Order

Increase ETD Accuracy

Reduce Impact on Environment

Reduce COS

Reduce COGS

Leverage Globalization

Strengthen Associates (People)

Increase Velocity (Process)

Reduce Variability (Preparedness)

Stretch Goals I

Reduce Costs

Stretch
Goals II

**Prepare for
Growth**