TESTIMONIES FROM DDMRP PILOT FACTORIES

DDMRP results in real changes in the factories, essentially in terms of Planning. What do they think of the approach? Where are they at with the approach? What changes have they observed? A look at the different perimeters with the 3 pilot factories.

US1 Greenville TC (Pilot for Global OE network)

Ron Watson
DDMRP Project Manager for the US

"*I am the DDMRP coordinator and responsible for for the North America DDMRP pilot. The whole OE perimeter has been operating in DDMRP mode since November 2016 and we are going to extend it to RT during June 2017.*

Since the arrival of this new planning method, we have noted several improvements. Globally the signal is more stable and we now have better control over stock norm management by adjusting the size of the buffers: as a result, the factory feels more empowered. Equally, the short-term planning is more accurate because it better reflects the customer's needs.

Thanks to more accurate demand signals, all the changes in the factory contribute to satisfying customer requirements and not just to ensure that we have a certain level of stock. The planners are the ones that have seen the most changes. The tool enables them to have better visibility and smooth the work throughout the week (updates and work on scenarios can be performed every day). They have more flexibility to react quickly to mold changes, or dimension changes, for example.

On a more general level, the entire factory has felt the benefits, with an improvement in its productivity and responsiveness. We reduced the stock of tires by 30,000 in 3 months! So, the improvements have come quickly."

Codi Sbardella
Planning US1

"*When I found out I would be managing another planning system, DDMRP, I was frankly not too enthusiastic about the whole thing.*

I was worried about the accuracy of the demand based on past experiences. Between November and December 2016, I devoted myself to fine-tuning the model, making sure that the buffers were logical and aligned with our needs and that the data were accurate.

At the end of the year, I made a comparison with the traditional systems and found that DDMRP was the only system that gave an accurate demand signal. During January, with DDMRP, I could directly see the demand of OE customers, whereas the forecast accuracy of the other systems continued to fluctuate sharply,

Today, I really trust the DDMRP demand signal and I am looking forward to deploying the approach for the RT market.

Although I really did not want to use the system at first, I can't wait to see the improvements we can make to our service in the RT market, while maintaining the OE at 100%. "

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VLD TC (Pilot for OE + RT + Export)

Jesus-Manuel Garcia-Menendez
DDMRP Project Manager for VLD

We are DDMRP pilots and decided to carry out the operational planning for the entire factory portfolio using DDMRP. This was developed in 3 phases:
- Phase 1: OE CADs (55 CADs)
- Phase 2: RT + summer EXPORT CADs. (85 CADs)
- Phase 3: CADs with high annual seasonality, Winter (65 CADs)

DDMRP has significantly changed the life of the factory:

- In terms of the Production Plan (PdP):
  - The planning and manufacturing are now linked to the firm needs and priorities of customers and campaigns are launched with the certainty that the production meets customer requirements. In other words **"It is the customer who establishes the production plan"**.
  - The management of the Production Plan execution is more responsive thanks to a new direct weekly exchange between the Factory planning team and Customer Services Europe.
- For Factory Planning:
  - Empowerment in terms of defining and managing daily Factory Warehouse requirements by CAD.
  - Implementation of a faster and very visual tool for analyses, with DDMRP KPIs that help the daily decision making, taking into account the triangle of Customer Service, Factory Warehouse stock and Costs.
- In the workshops, there has been a significant reduction in the number of "urgent" scheduling changes
- For our internal partners (Customer Service), the result is clear:
  - Supply crises have been significantly reduced
  - Risks and anomalies are efficiently identified, in real time
  - The factory responds faster regarding the issues in question. Common actions are identified and prioritized.

Since we want to continue to improve, we are thinking about extending the DDMRP perimeter downstream for OE and with the upstream supply chain flows.

ALESSANDRIA (AIM Export pilot)

Stefano Ruo-Rui
DDMRP Project Manager for ALE

Alessandria is the pilot DDMRP site for 100% Export CADs for AIM Zone. This new methodology has allowed us to work on actual demand rather than on forecasts, bringing customers and the factory closer together.

The planning philosophy has changed: previously, the stock was used to meet the needs of future forecasts, but **now the stock is considered as a resource, positioned at a strategic point and consumed only when the order is generated.** Moreover, the factory is now aware it is the genuine owner of the stock physically present in Factory Warehouse, and it has become more responsible.

By working on the actual orders, the demand signal has become more stable. We had noticed in certain cases that the signal coming from the traditional systems was amplified by inaccurate parameters such as safety stock or forecasts.

Eliminating these effects has helped to reduce the physical stock present in the Factory Warehouse and to free up production capacity for other dimensions, while improving the level of service. The weekly review carried out with the AIM Zone enables us to confirm the data and adjust our production to the latest information received.

The figures speak for themselves: the ISL average for the last quarter of 2016 was 89.3%. For the first four months of 2017 we have achieved a rate of 98.6% and have reduced our stock by 10%.

We are aware that the export market is a special market. That is why we are currently working with PLE to assess the possibility of extending DDMRP to other Multi-Market products in order to confirm the benefits we have observed.

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