



### Initial situation

- Customer cancellations/shutdowns
- Forecast above orders (poor accuracy)
- Allocation effect (raw materials)
- Inventory value increase due to rate EUR-MXN exchange rate fluctuation (financial impact)
- Increase of 35% of goods in transit due to COVID restrictions and vessels delays



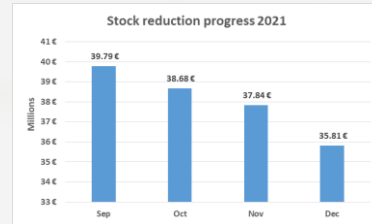
### Scope

- Overall stock reduction in (MRP, FG & WIP)
  - Raw materials push outs in alignment with subsidiaries
  - Optimization of sales batch sizes stocks for ABC-XYZ analysis
- Define concept and specific raw material to be tested as pilot for consignment stock

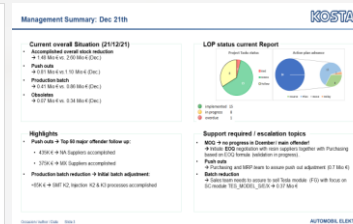


### Approach

- Return to basics standards for supply planning management (MRP, FG & WIP)
- Develop tool to identify daily stock excess in each process
- New agreements with North America suppliers (supply frequency increase with a milk run route)
- Reduction of Minimum order Quantity based on material lead time, cost and SS (EOQ formula)
- ASN & Deliveries agreements with a win-to-win approach with suppliers



Progress Per Month



Process documentations



### Challenges

- Additional customer cancellation, due to wave 4 of COVID (especially Asia)
- Increased transit time for delayed vessels and insufficient container availability (>18 days delay from China)



### Achievements & Results

- Overall stock reduction in 9% from **(39.7 Mio € → 36.5 Mio €)**
- WIP reduction between internal processes from 16 to 6 days of coverage
- MOQ reduction from 15 days to 5 days of coverage
- Increase of flexibility more than 20% for the requirements of customers (A, B & C materials classification)
- Consignment stock logistic concept developed and next steps for implementation defined