



# Peggy Turner

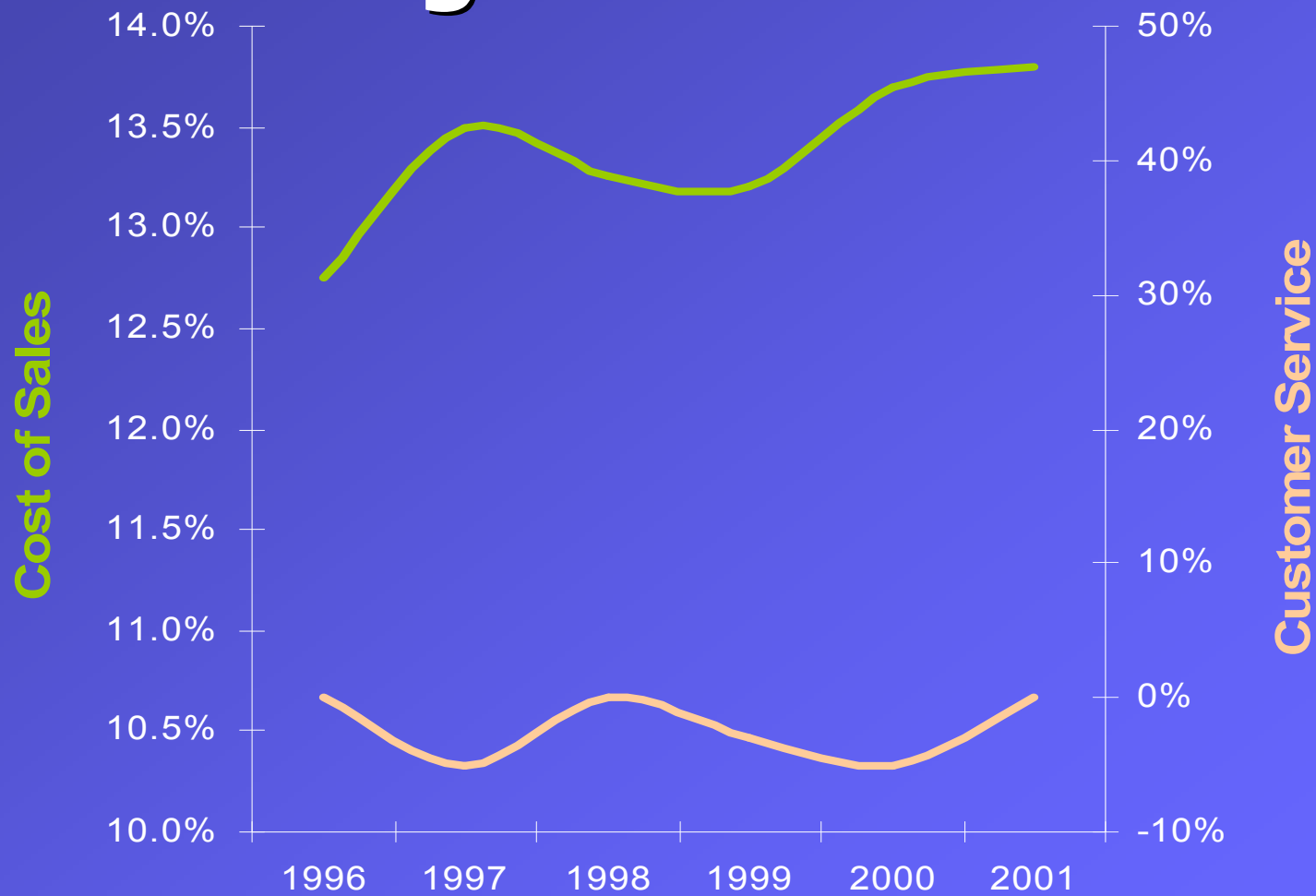
Corporate Manager, Supply Chain Strategy  
North American Parts Operations (NAPO)

# 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**

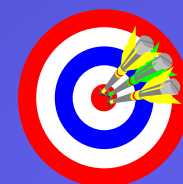
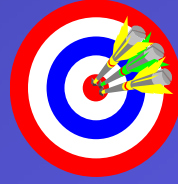
**Reduce COS**

**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%*

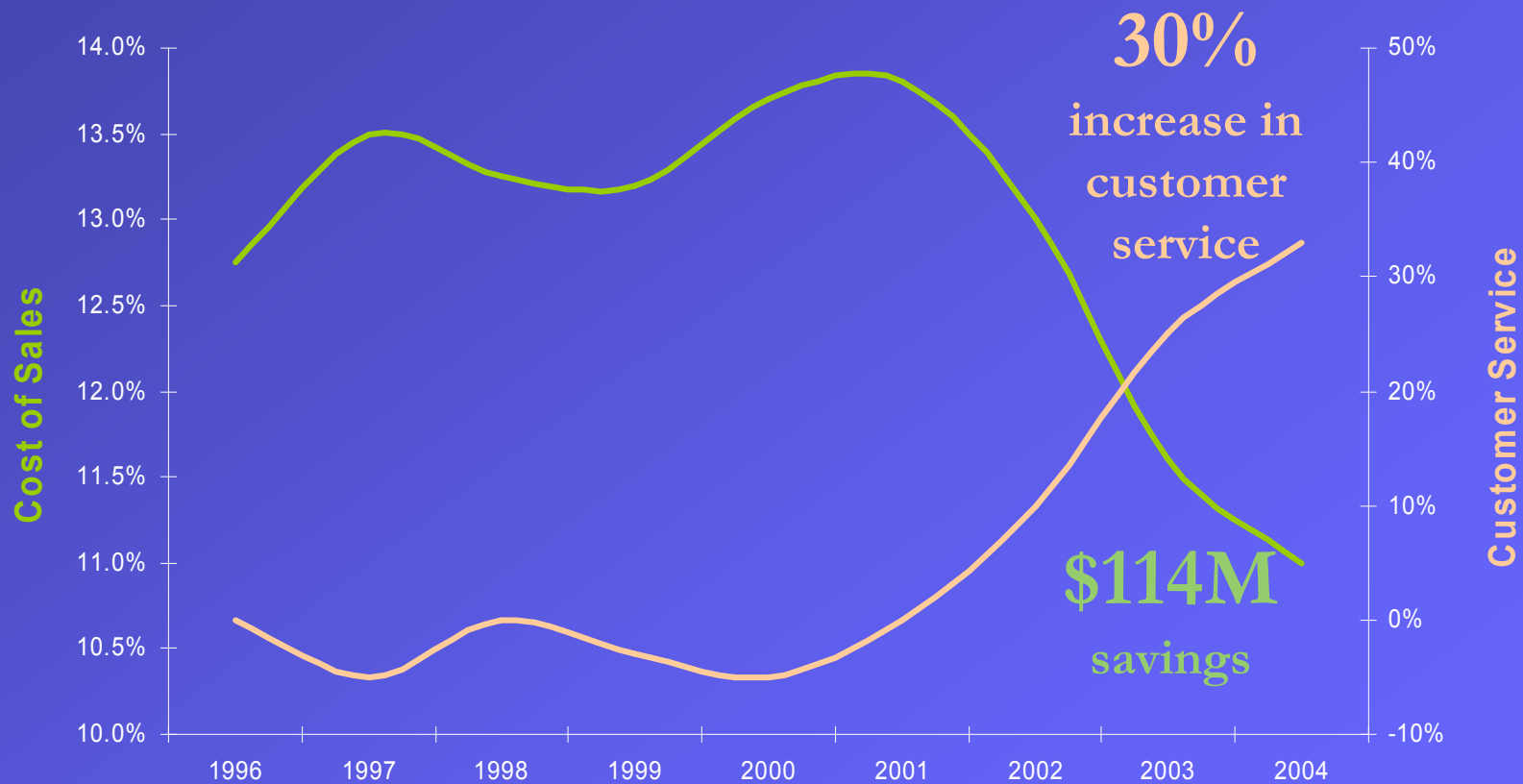


**Damage**  
*-50%*

# 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**

**Reduce Costs**

**Prepare for  
Growth**

## 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**

**Stretch  
Goals II**