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Schenker Canada brings efficiency to BMW Canada's distribution network with state of the art warehouse technology solution

CHALLENGE:

BMW Canada was undergoing significant growth in Canada. As a result, there was an increasing need to find more streamlined ways to perform parts delivery to its Western Canada dealers to meet increasing demands. BMW had been servicing its Canadian Dealers from a centralized facility in Whitby, Ontario. In most cases, stock orders were shipped via LTL (less-than-truckload) ground delivery directly to the Western Canada dealers, while VOR (Vehicle Off Road) orders were shipped utilizing Schenker's air transportation network.

Racking and shelving solutions at the facility had to accommodate nuts and bolts to engines and myriad body parts. In addition, many of the body parts received were nested in wooden crates and had to be repacked for distribution. BMW realized it needed to develop a more efficient distribution network by leveraging Schenker's resources to establish a dedicated facility to service its Western dealers.

According to Steve Terry, National Parts Manager for BMW Canada, since Schenker also handles BMW's Dealer Quarterly Return (DQR) program and Core Return Program for its Western Canada dealers, the evolution to a warehousing solution was a logical one. (Schenker is responsible for processing BMW's core returns and consolidates them for shipping to BMW specified return depots).

"Obviously, because of our previous relationship, development of the Vancouver project was a pretty natural fit," explains Terry. "Beyond that, Schenker brought a great deal of third party logistics experience to the process, and had a presence in Vancouver that was well established, including a building that they were willing to modify to meet our requirements."

SOLUTION:

Schenker's Vancouver Container Freight Station (CFS) was selected as the new distribution centre. Its central location provided BMW with same-day access to Western Canada dealers. In addition, by partnering with Schenker, BMW could enjoy significant cost and time savings by leveraging an existing management infrastructure and utilizing a shared overhead model. The 15,000 sq foot mezzanine was also ideally suited for small parts distribution.

Schenker sourced a warehouse racking solution specific to BMW's requirement and designed a shelving solution for the 15,000 square feet mezzanine. The racking solution featured man-up order pickers in approximately 25,000 square feet of high bay warehouse space. To streamline processing at the site, mezzanine orders are transported in totes by conveyor to the shipping area, where they are matched up with bulk parts picked from the high bay warehouse.

BMW made the first shipment from the new VPDC (Vancouver Parts Distribution Center) to BMW dealers on September 7, 2004. The Schenker VPDC now serves as the primary parts distribution centre for 18 Western Canada BMW dealers, as well as the first backorder DC for Eastern Canada DCs supplied by BMW Whitby.

VOR orders to Vancouver Area dealers are shipped by Schenker on a same day basis, while stock orders are shipped overnight. VOR orders to dealers outside of the Greater Vancouver area are shipped via air, with stock orders sent overnight or on a second day basis, depending on location.

RESULTS:

With the Schenker solution, BMW has dramatically improved delivery turnaround on parts orders for its Western Canada dealers. Not only does this help to speed vehicle repairs, it also reduces inventory requirements at the dealer locations.

Benefits of the Schenker solution include:

- Dramatic reduction in freight costs over the cost of shipping from a BMW-operated facility
- Three day reduction in delivery time for stock orders to Vancouver dealers
- One day reduction in deliveries to Central Canada dealers
- A dedicated network for servicing 18 dealer/retailers in Western Canada
- Ability to manager 60 orders, 1000 lines outbound per day
- Productivity rates of approximately 20 lines per man-hour inbound and 25 line per man hour outbound
- Reduction in parts damage