Content

- Introduction
- Why standard LKPI?
- Role of the recommendation
- Description of the indicators
- Next Steps
Introduction

To avoid each automotive company creating its own Logistics Performance Indicators (LKPI), Odette’s Logistics Functional Committee identified the need to have common Logistics KPIs.

Mission:

To define and promote common indicators and common understanding between the Trading Parties for Parts supply in line with the Global MMOG/LE recommendation to increase performance and decrease cost in the Supply Chain.
Why standard KPIs?

For the suppliers:
- by standardizing requirements in logistics performance within the industry

For the customer:
- by facilitating the development or the enhancement of supplier appraisal system based on standardized indicators.

The recommendation enables
- to have common understanding between the Trading Parties for Part supply
- to be compliant with Global MMOG/LE recommendation.
- to be compliant to others ODETTE standards (Logistics agreement, label…)

Goal:
The Goal of the recommendation is to standardize the indicators used in the supplier’s appraisal systems, rather than standardizing the systems themselves.

By using this concept, a company can meet its particular needs while ensuring that the chosen indicators are common to the industry and understood by their suppliers.
Example of benefits

Improving the **supplier delivery accuracy** enables to **improve customer delivery accuracy**

Improving the **supplier delivery accuracy** enables to reduce **stock level**

Improving **quality of ASN** enables to reduce **receiving cost**

Improving **quality of labels** enables to improve **inventory accuracy** (mislabelling…)

Improving **respect of packaging specification** enables to reduce **labor over cost** (repackaging…)
Role of the recommendation

The LKPI recommendation defines standard indicators measuring the **effectiveness** of the logistic shipping processes of the Supplier. It measures the adherence to the logistics agreement.
**Description of the indicators**

The adherence to the Logistics Agreement is measured by 6 indicators:

1. **EDI Precision** (LKPI 1)
2. **Delivery Accuracy** (LKPI 2)
3. **Production disruptions** (LKPI 3)
4. **ASN** (VMI) (LKPI 4)
5. **Material Handling & Identification** (LKPI 5)
6. **Communication & Cooperation** (LKPI 6)
EDI Precision

Definition: EDI precision measures the Presence and Accuracy of ASNs

Presence:

Two things must function in order to receive EDI messages correctly:
1. The EDI communication must work.

2. The syntax (structure) of the data in the received file must be correct.

Accuracy:

3. The actual data must be correct compared to the real shipment

UNB+UNOA:1+00013000015BEHR2:OD...
UNH+1+AVIEXP:3::OD'
MID+823057+030709:0945'
CDT+:.:B:BX35D'
SDT+:.:BX35D'
CSG+:.:BS8CA+086+086GIBBS'
DTR+GP-KS 771+GHEMAR-S'
ARD+30636905+3:PCE
Delivery Accuracy

Definition:

- The Delivery Accuracy indicator measures the compliance of the order regarding quantity and time, according to Logistics Agreement and the supply conditions.

- Scope: The indicator can be applied when the call-off is expressed in terms of firm quantity & time slot.

- For each part number, with a quantity, a time slot and the place to deliver agreed between parties, the order is classified
  - as OK if all criteria (quantity, time slot, place to deliver) are OK
  - as not OK if any of those have failed
Production Disruptions

- Line stops measured in number of units lost for OEM and in number of men hours (tbc) lost for suppliers

- Missing part at point of fix
  - Line stop
  - Incomplete unit at the end of the line
  - Incomplete unit caught back before end line

- Procurement alert
  - Missing part anticipation

- Units on hold in the physical flow
  - A sequencing modification occurs when the normal unit flow at the entry of the production shop must be changed, retaining some units, in order to avoid a missing part, an incomplete units or a line stop.
  - Expressed in number of units on hold in the production flow

- A unit is accounted as an incomplete unit if a part is missing at point of fix when the unit requires the part for assembly.
  - Expressed in number of units
Vendor Managed Inventory

Definition
Indicator based on stock alerts. Stock is measured at each stock movement:
3 types of alerts (in order of gravity):
- > Max
- < Min
- zero stock

Qty.

![Diagram showing stock levels and alerts]

Max stock limit
Min stock limit
0
Material Handling & Identification

Definition:

- The Material handling and identification indicator measures 4 types of specifications:
  - Packaging specification
  - Labelling specification
  - Delivery document specification
  - Transport specification

- Demerit-points are associated at each non-conformity
Communication & Cooperation

Definition:
Measures the Supplier performance on the following processes:
- Reception of Customer requirements
- Handling of logistics incidents
- Cooperation with logistics projects

• **Self-sufficiency**: Capacity of a Supplier to understand and apply the logistics processes as defined in the Logistics Agreement

• **Reliability**: Quality of the effectiveness of the action plan

• **Responsiveness**: Conformity with the required time set by counting late response

• **Supplier Problem notification**: Ability to notify problems in advance

• **Availability**: Facility to contact the Supplier’s contact person

• **Flexibility**: Flexibility of the Supplier in case of order changes
Next Steps

- Complete LKPI Training Kit for v1
- Create Global LKPI Recommendation in cooperation with AIAG
- Start LKPI v2 project to cover more areas