

PRESS RELEASE

AIAG and Odette Announce Release of Updated Global Materials Management Operations Guideline/Logistics Evaluation (MMOG/LE)

24 July 2006 – The Automotive Industry Action Group (AIAG) and Odette International have updated their joint Global Materials Management Operations Guideline/Logistics Evaluation (MMOG/LE) based on feedback from current users. Both organizations are concurrently releasing the new revision today.

The global MMOG/LE is a continuous improvement and self-assessment tool with a format aligned with ISO/TS 16949:2002 to provide automotive suppliers with a means to measure and streamline their material planning and logistics processes. On completion of the self-assessment section a benchmark score and grade is produced automatically by comparing the user's materials management processes to 'Best Practice'. A Gap Analysis section records the details of all deficiencies and provides the user with a format to document continuous improvement action plans and associated timing.

Global MMOG/LE can be used in a number of applications including self-assessment of internal material planning and logistics processes within a single plant or for performance comparisons with other plants within a group of companies. Alternatively, Global MMOG/LE can be used as a self-assessment or audit tool for external processes, such as at suppliers, at all stages of the supply chain. Whichever approach is adopted, Global MMOG/LE is the ideal tool to measure existing performance against 'Best practice' and provides the means for driving and monitoring continuous process improvement.

AIAG and Odette have made several updates to make the document more user-friendly, which include:

- Improved clarity of questions in the self-assessment.

- The ability for users to complete the self-assessment with a click of the mouse or touch pad in appropriate areas.
- Gap analysis section that automatically highlights deficient criteria for continuous improvement activities.

Some of the companies currently using Global MMOG/LE include DaimlerChrysler AG's Chrysler Group; Ford Motor Co.; Renault; PSA Peugeot Citroën; Volvo Truck Corp.; Volvo Car Corp.; American Axle & Manufacturing; Bosch; Faurecia; Johnson Controls, Inc. and Valeo.

Since the Global MMOG/LE was introduced in 2004, more than 1,000 supplier audits have been conducted in North America and Europe. A recent survey conducted by a European OEM of 46 of its compliant suppliers reported several benefits of using the Global MMOG/LE, including:

- 65 percent reduction in line stoppages.
- 53 percent reduction in rework.
- 17 percent reduction logistics incidents (e.g., packaging and labeling non-conformances).
- 10 percent improvement in delivery performance.

Here is a further comment from an existing user:

[Nitator – a Swedish sheet metal company](#)

We have been using both the previous Logistics Evaluation document and the recent Global MMOG/LE document to assess our internal materials management and logistics processes. One of our main targets was to identify areas supporting the increase of delivery precision to our customers despite a very short frozen horizon. As a result, we have not only decreased our internal cost level in the supply chain and manufacturing, but also increased the delivery precision result measured by one of our customers on a correct day and quantity basis from 67% to continuously 98% and above.

Other compliant suppliers are realizing considerable reductions in premium freight, obsolete material, inventory carrying costs and data entry time.

The revised *Global Materials Management Operations Guideline Logistics Evaluation (MMOG/LE)* is available on both Odette's and AIAG's Web sites. The guideline is available in English, French, Spanish, German, Portuguese and Chinese.

About Odette

Odette International is a not-for-profit organization, formed by the automotive industry for the automotive industry. It sets the standards for e-business communications, engineering data exchange and logistics management, which link the 4,000 plus businesses in the European motor industry and their global trading partners. The members of Odette are national automotive associations, which represent European motor manufacturers and suppliers.

About AIAG

Founded in 1982, AIAG is a globally recognized organization where OEMs and suppliers unite to address and resolve issues affecting the worldwide automotive supply chain. AIAG's goals are to reduce cost and complexity through collaboration; improve product quality, health, safety and the environment; and optimize speed to market throughout the supply chain. Headquartered in the metro Detroit area, its more than 1,500 member companies include North American, European and Asia-Pacific OEMs and suppliers to the automotive industry. Additional information is available on the Internet at www.aiag.org.

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