

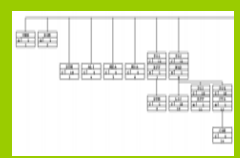
# LKPI

- Logistic Key Performance Indicators



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# LKPI

- Logistic Key Performance Indicators

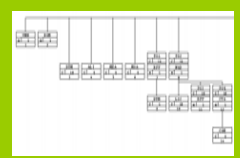


## Introduction

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.



# LKPI

- Logistic Key Performance Indicators



## 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.

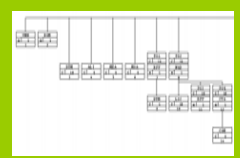
### The recommendation enables

- 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**

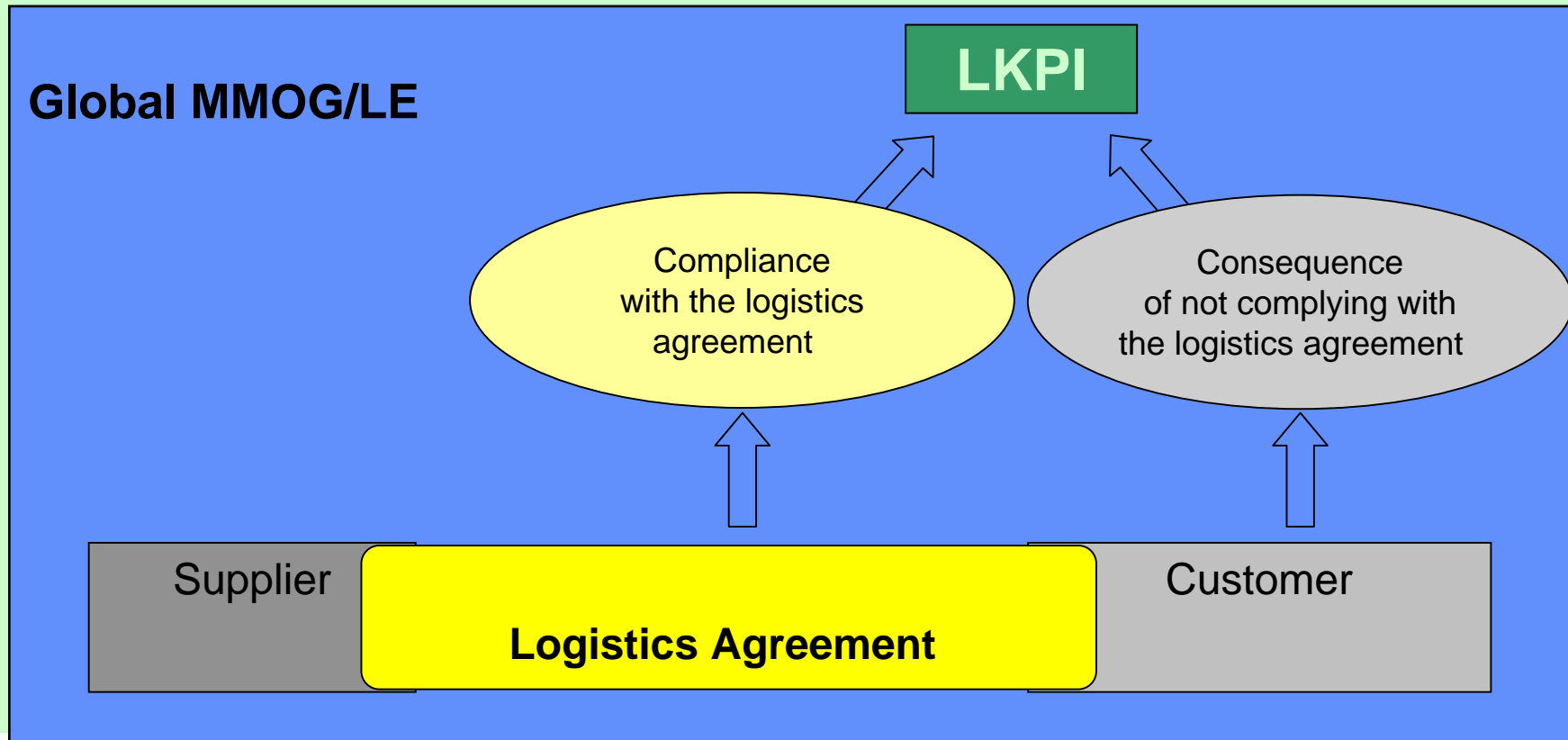
Improving **quality of labels** enables to improve **inventory accuracy**  
(mislabelling...)

Improving **respect of packaging specification** enables to reduce **labor over cost** (repackaging...)

## Role of the recommendation

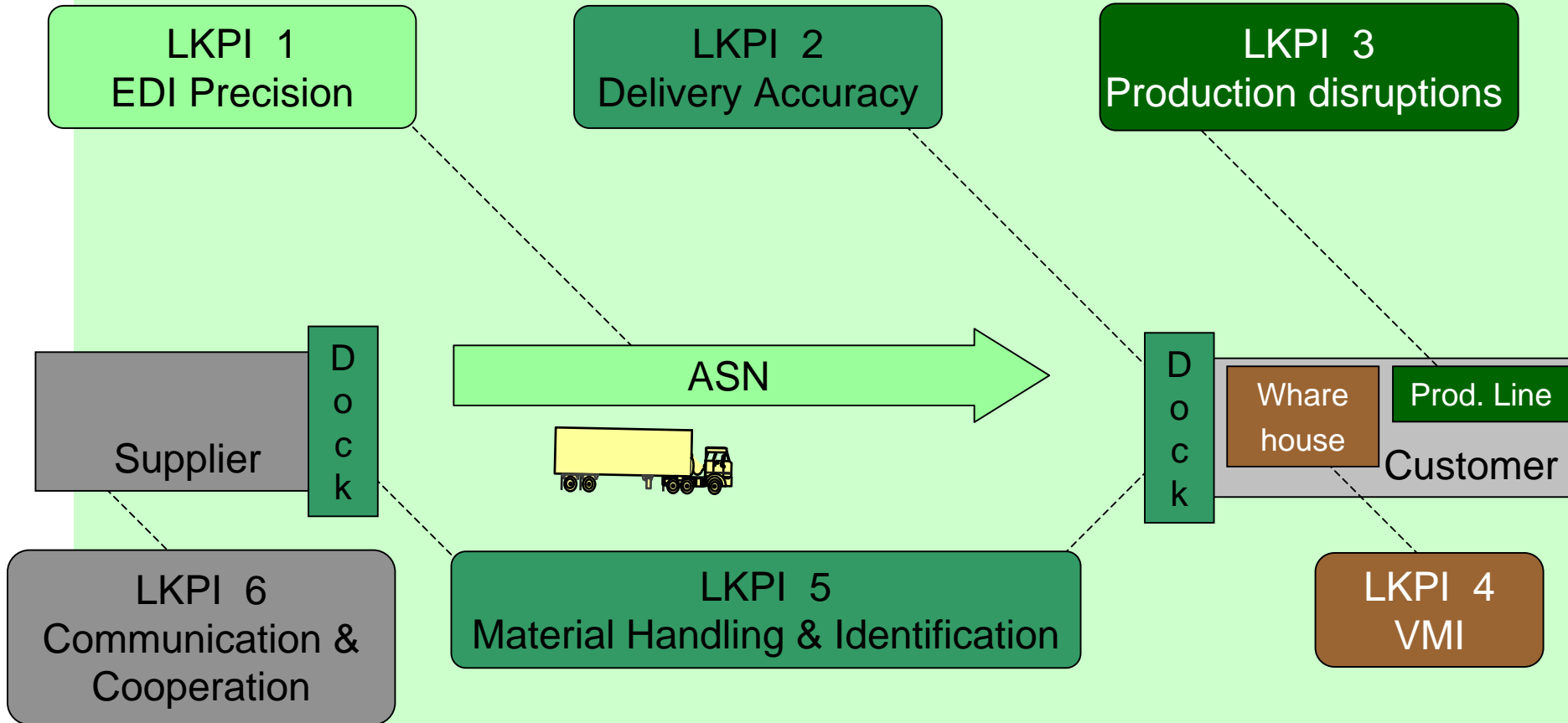
*The LKPI recommendation defines standard indicators measuring the **effectiveness** of the logistic shipping processes of the Supplier*

*It measures the adherence to the logistics agreement*



## Description of the indicators

The adherence to the Logistics Agreement is measured by 6 indicators



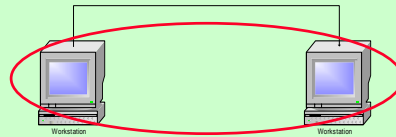
## EDI Precision

**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.

```

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

### Accuracy :

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

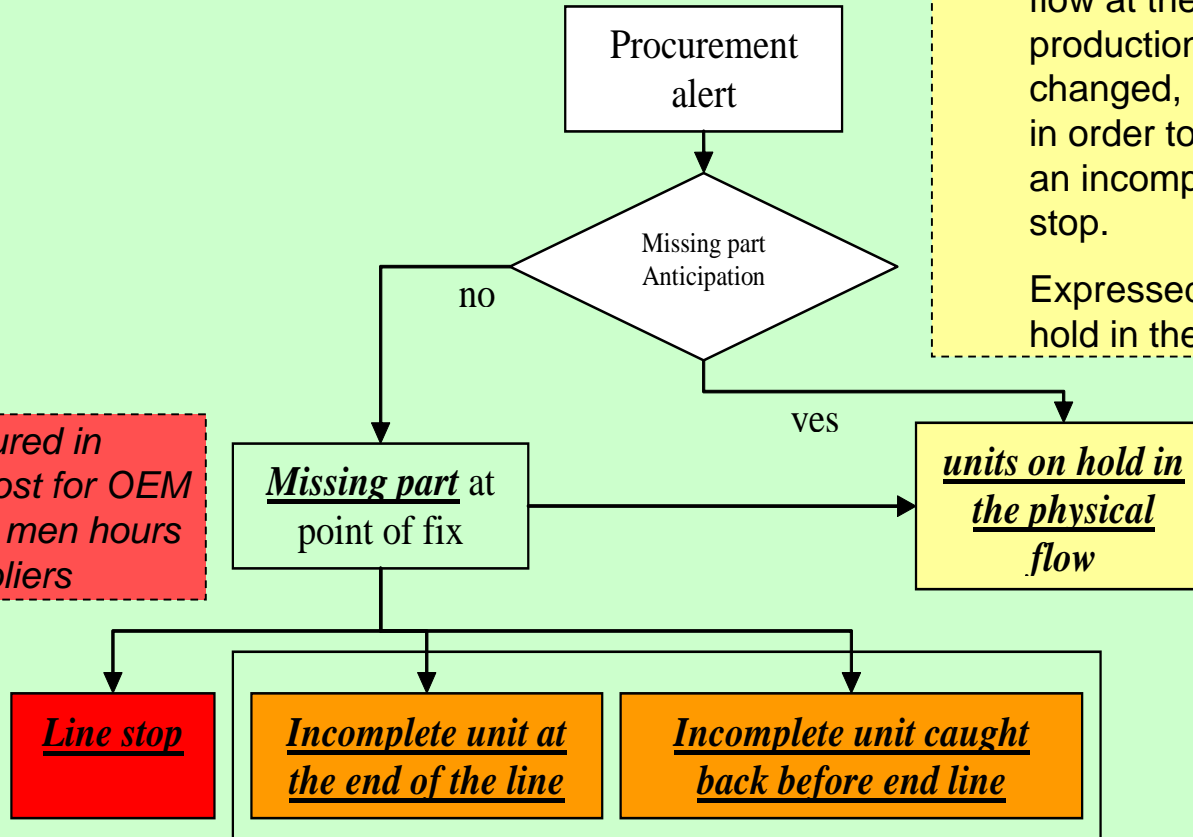


## Delivery Accuracy

### 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 criterias (quantity, time slot, place to deliver) are OK**
  - **as not OK if any of those have failed**

## Production Disruptions



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

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

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.

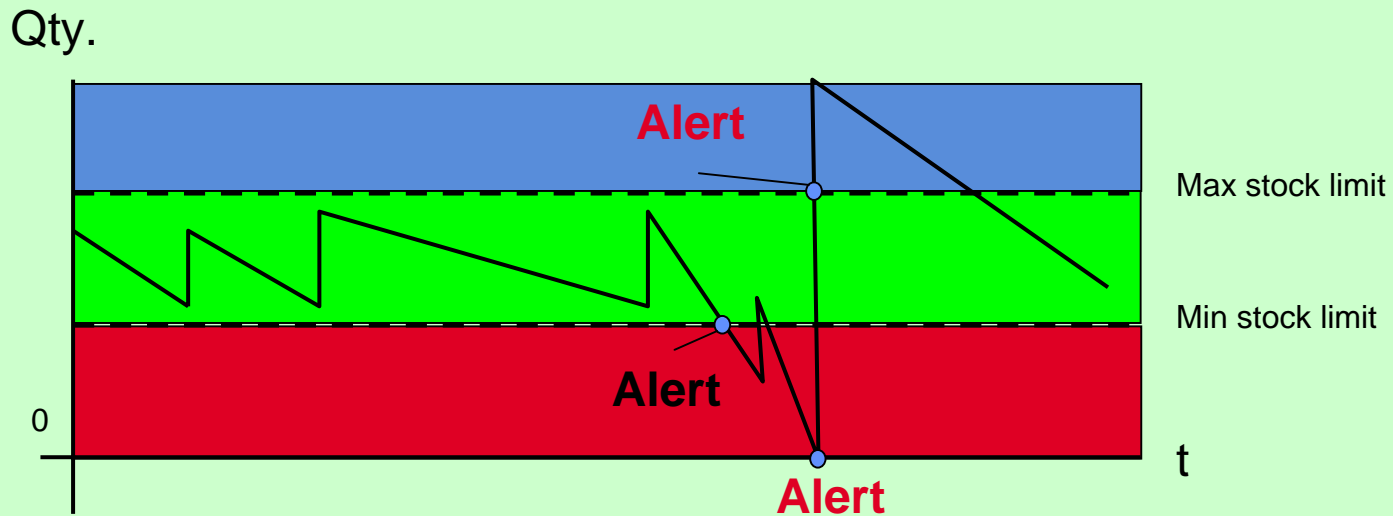
Expressed in number of units

## Vendor Managed Inventory

### Definition

Indicator based on stock alerts. Stock is measured at each stock movement:

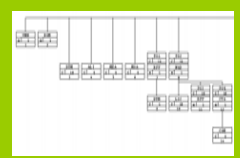
- 3 types of alerts (in order of gravity):
- > Max
  - < Min
  - zero stock



## 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

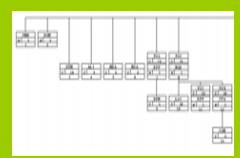
•**Reliability:** Quality of the effectiveness of the action plan

•**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



# LKPI

- *Logistic Key Performance Indicators*



## Next Steps

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