

They've got the

haul world

Supply Chain Logistics' improvements optimize shipments of freight and boost productivity

in their hands

By Kathleen Spicer

Moving aerospace parts and materials from point A to point B sounds fairly straightforward. But try coordinating more than two million shipments a year—from ramps to rocket launchers to airplane wings—between suppliers, freight forwarders and Boeing factories. And watch for freight that requires unique shipping, such as specialized tooling in unwieldy protective crates, or that must comply with regulations, such as dangerous-goods packaging. And do it all while meeting Boeing schedule and cost criteria for freight transportation.

That's the task that Shared Services Group's Supply Chain Logistics team tackles. It's a job that's critical to ensuring Boeing businesses operate properly. To best serve these programs, SCL began an improvement effort in 2007 that's fundamentally transformed the way it does business and supports Boeing production programs—and that ultimately helps reduce costs and risk, while increasing the efficiency of freight delivery.

"People always ask us, 'how can we reduce freight costs?'" said Michelle Johnston, SCL manager. Among the organization's newer tools to accomplish this is the Ryder/Transportation Management Services (TMS) improvement plan. "With TMS, we can provide increased visibility to logistical information across the supply chain to help our business partners take advantage of more cost-efficient shipping choices."

The innovation that makes this all possible is an integrated information system that instantly provides Boeing shipping requirements to Ryder, Boeing's logistical partner. This is done using Exostar, Boeing's



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By the numbers:

Shared Services Supply Chain Logistics

2 million

Number of shipments processed through Supply Chain Logistics each year

161,000

Number of exports SCL processes annually

350 million

Dollar value of freight costs SCL coordinates each year

49.5 million

Dollar value of freight-cost savings SCL realized in 2008

45 million

Dollars per year SCL saves through logistics expertise, freight management contracts and freight bill processing oversight

electronic supplier purchasing exchange. Beginning this month, Ryder will also take on the freight payment process to make the overall process more efficient.

The opportunity for cost savings is significant, said John Frolker, Boeing Engineering, Operations & Technology liaison with Ryder and Exostar in Bellevue, Wash.

Hypothetically, there could be multiple trucks—some full and some half-full—taking Boeing freight from Southern California to Washington state at relatively the same time, Frolker said. Working with Ryder gives Boeing timely visibility into those shipping details “so we can optimize shipping priorities and choose to use one full truck by one supplier instead of using two half-full trucks from different suppliers,” he added. “Now we’ll have the capability to look at this information and make more logical, cost-saving choices while continuing to support our businesses.”

And helping business partners make better decisions is what SCL does best.

David Huntsman, Material Management manager in Commercial Airplanes, noted that TMS can provide answers to questions such as how much is spent on freight to build a 737 airplane or whether it’s economically smarter to ship certain parts—such as premium freight—biweekly or monthly, or by rail or ship, to meet production requirements, he noted. “The new SSG process will enable us to have the information we need to increase our performance,” he said.

The new model also enables a more proactive planning approach to freight transportation management—a major benefit of putting common processes and “demand-management” capabilities into the hands of SSG business partners. Demand Management is an SSG business strategy that helps business units control costs when deciding on the services needed to best support their business needs.

“While gathering and verifying shipping data in Phase One (of SCL’s improvement effort), we’ve already been looking at how we ship premium freight, which may prove to be an area where costs can be reduced,” said Karen Fischer, procurement analyst for Supplier Management in Integrated Defense Systems. “During Phase Two, we’re looking forward to using this information to open up opportunities to boost efficiency and save costs.”

ONE ROAD, ONE PLAN

Johnston said the next steps are clear. “As we work with business partners to drive priorities, our plan will be achieved by promoting common processes across the enterprise and providing demand-management tools and services to our business partners,” said Johnston.

While Phase One of the project is under way, Phase Two makes load optimization a reality by further integrating information and processes with Ryder later this year.

“Optimizing freight shipments across Boeing’s supply chain will help Boeing meet customers’ ongoing requirements for quality and value,” said Tom McClelland, SSG Enterprise Service Delivery leader. Most important, McClelland added that SSG is working closely with business partners to make sure their needs are being met.

“I trust the SCL folks,” said Huntsman. “They’ve engaged us in their improvement process, and we’re working together to solve problems and make better choices that in the end benefit us all.” ■

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PHOTOS: (LEFT) Shared Services’ Supply Chain Logistics team supports Boeing business partners by moving parts, materials and products to where they need to go. Here, a Boeing 601 model satellite is loaded onto an oversized freighter for its flight from Los Angeles to Kazakhstan, where it was prepared to be launched into orbit. **SALLY ARISTEI AND GLADYS WICKERING/BOEING**

(RIGHT) Forklift driver Todd Ruthruff moves a set of Boeing 777 ailerons delivered from Casa in Spain—and coordinated through SSG Supply Chain Logistics—to the 40-55 Building shipping and receiving area in Everett, Wash. **GAIL HANUSA/BOEING**