

■ Critical Issues

- ◆ We need to eliminate customer claims relating to distribution, but we don't know how to do it
- ◆ We are not really certain about the actual situation of complaints and claims, and we don't know much about their causes
- ◆ The errors are large when we carry out stocktaking of our inventories

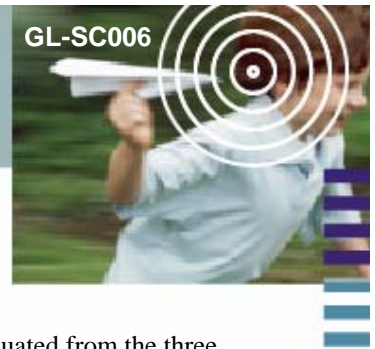
■ JMAC Concept

- ◆ Regarding the improvement of distribution quality, JMAC considers the following two areas:
 1. Distribution quality of goods, manufactured products and parts
 - Taking no-soiled and no-damaged for granted, the right items must be distributed in the correct amounts specified by the customer.
 2. Distribution quality as a service
 - JMAC believes that the distribution quality includes the service level of the following items:
 - Distribution services to customers, such as lead times, delivery period and time specification, and small lot delivery
 - Inventory management services, such as available to promise (ATP) and stockholding required by customers.
- ◆ In order to maintain and improve the basic distribution quality outlined in 1, it is necessary that:
 - 1) First, spot administration must be properly implemented, and
 - 2) The response process for irregular occurrences must be properly prepared

Distribution Quality Improvement through Spot Administration and Irregular Administration

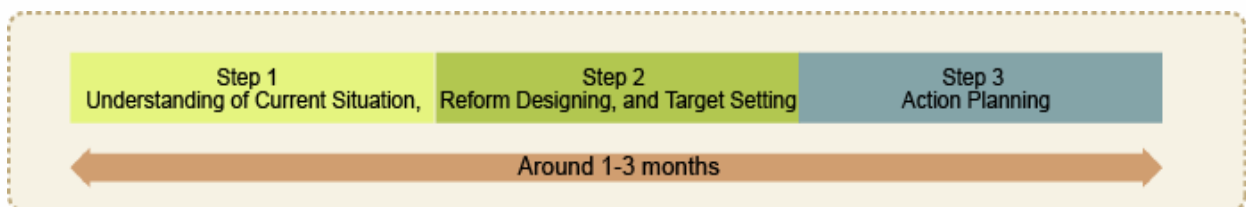
Service quality improvement through spot/irregular administration

GL-SC006



JMAC Features

1. The business operations and information systems are quantitatively assessed and evaluated from the three viewpoints of QCD (Quality, Cost and Delivery).
2. The analysis of defects and their causes is conducted while observing and measuring the site conditions
3. JMAC designs countermeasures that match the problem conditions, business abilities and investment capabilities of each client company.
4. Not just proposing the countermeasures, JMAC also provides support for the actual improvement activities, and conducts target setting to allow proper implementation.
5. The project activities are practically implemented together with the client team, which builds up knowledge and experience of improvements in the client.



Results

The actual improvement results can be evaluated by numbers

Index Examples

- 1) Mistaken shipment rate
- 2) Stocktaking error rate
- 3) Stock-out rate
- 4) Nos. and proportions of claims
- 5) Delivery lateness rate, etc.

Consulting Examples

◆ Consulting Case in Distribution Warehouse

- Measures to improve the spot administration precision:

- 1) Structural setting of storage areas
 - 2) Review of shelf No. administration and location administration methods
 - 3) Improving of warehouse receiving and sending work efficiency and inputting accuracy using bar codes
- In addition, various other process improvements were implemented.

◆ Consulting Case in Factory Warehouse

- Establishment of measures that allow smooth implementation of same-day production and same-day shipping for irregular responses
- Special management of the production site
- Setting of restricted placement areas
- Review of progress management system, etc.