



## ■ Critical Issues

- Although we cannot clearly understand the distribution costs, we suspect they are higher than competitors.
- We need to reduce our distribution costs and enhance our competitiveness
- While we've tried many improvements, the distribution costs have not dropped as much as we had targeted.

## ■ JMAC Concept

- First, the visualization and clarification of the distribution costs are implemented.

In general, the distribution costs are not correctly grasped. However, when the true picture is known, it is often found that the ratio of the distribution costs to the sales amount is high.

- Losses are thoroughly analyzed paying particular attention to the work sites to define their causes.

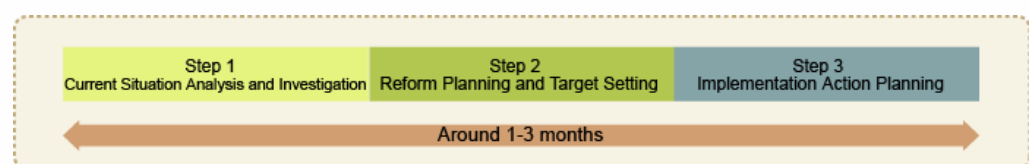
JMAC concretely defines the losses at a numerical level. By doing so, it is possible to clearly determine the loss subject and the targets.

- Overall optimization is considered from SCM viewpoints

In order to avoid a trade-off between cost and service level, it is necessary to develop a mechanism that allows pursuit of division optimization without adversely affecting the overall company competitiveness.

- Step-by-step improvement planning is required

It is extremely important to conduct investigations to determine areas where the effect is large and where implementation is possible in a short time period, and to set a clear order of priority for implementing the improvements.



# Comprehensive Distribution Cost Reduction through Loss Elimination (for logistics service providers)

Comprehensive distribution cost reduction through loss elimination for logistics service providers



## ■ JMAC Features

- **JMAC supports the design and implementation of reformation activities which match your business performance level and business targets.**

To analyze cost structure, it is important to design an appropriate degree of detail and accuracy according to the management targets.

- **The distribution cost structure is analyzed by cost element, distribution area, and distribution function.**

< e.g. Costs by Distribution Function >

- ✓ Packing costs
- ✓ Transportation and delivery costs
- ✓ Storage costs
- ✓ Loading costs
- ✓ Distribution processing costs
- ✓ Information processing costs
- ✓ Distribution management costs

- **Losses in loading, packing and indirect work are thoroughly analyzed using IE (Industrial Engineering) techniques.**

Losses in other areas are also quantitatively analyzed using JMAC's analysis techniques.

- **The reform plan is derived from the analysis results, and actual improvement activities are carried out with the target setting.**

- **Because activities are practically implemented together with the client team, it is possible to acquire knowledge and improvement experience that remains in the company.**

## ■ Results

- **Consulting case of the loss reduction in a home building materials company**

- 1) Loading and transportation work and movement loss at the distribution center
- 2) Processing and packing work losses and packing material losses at the distribution center
- 3) Product inspection and testing work losses at the distribution center and depot
- 4) Storage space losses at the distribution center and depot
- 5) On-site distribution, transportation and delivery conveyance losses
- 6) Total supply chain inventory losses
- 7) Various administration and indirectly related work losses concerning distribution, including the placing and accepting of orders

In addition, various other loss reduction activities were implemented for six months.

As a result, 30% reduction in the "overall distribution cost" was achieved.