

AUTO PARTS DELIVERIES: IMPORTANT TRENDS YOU MUST UNDERSTAND

“Auto parts companies need to understand the difference between hype and reality when it comes to transport and logistics trends”

This is what Walter Scremin, who heads up national delivery transport firm Ontime Delivery Solutions, says.

On hype, he says it may be too early to start considering autonomous vehicles or drone deliveries, but states there are other paths to greater efficiency.

“Trends which are relevant to auto parts companies mainly involve smarter use of technology. But there are some perennial delivery transport issues which auto parts companies also need to consider, such as understanding how much their delivery transport is really costing them and how they can become more efficient,” Walter said.

Digitisation is becoming more influential, covering everything from common telematics technology which tracks delivery drivers and deliveries, or sophisticated global systems incorporating the Internet of Things (IoT). A major trend is toward more measurement and analysis in a bid to improve performance.

“It’s always been important to measure performance regularly, but the volume of data available has increased. This can potentially overwhelm, so it’s best to focus on a few items which most impact your fleet,” Walter said before stating that measurement extends

beyond data and includes other issues like fleet responsiveness.

“Delivery fleets are often hampered by deeper structural issues, which have little to do with data or technology. For example, fleets have problems if they are inflexible, unable to respond at short notice, if they struggle to replace absentees, or if they resort to using couriers as a stop-gap,” Walter said.

“Getting the balance right with how you use and engage your fleet resources is the most important step. This allows you to maintain efficiency through tracking and monitoring.”

Further, Walter says as technology races ahead, there is a risk in over-spending and over-committing to something with only a marginal pay-off.

“At Ontime Delivery Solutions we have worked with several parts companies on their fleet tracking, which has had a relatively modest cost but a positive impact on performance. For your investment in digitisation to really work, you need good systems and processes in place already. And you need a commitment to put in the daily effort required to get the most from the technology,” Walter said.

Tracking technology allows auto parts companies to plan delivery routes, prevent drivers from



doubling-up, and achieve more deliveries with the same resources. The same technology can use geo-fencing to alert when drivers go ‘off-route’ or have an unexpected or prolonged stop.

Another key trend, which ties in with digitisation, is more frequent communication with customers. Walter says this reflects growing expectations among customers generally. Walter notes businesses have to be prepared that sometimes the return on investment is not immediately apparent.

“Technology’s many benefits are often found beyond the bottom line: customer service may not immediately show up as a ROI yet may foster greater customer loyalty,” Walter said.

“Technology should improve delivery times but also lead to increased professionalism, and more accuracy in delivering items in full, undamaged and on time. Tracking technology may also protect your business from accusations of misplaced parcels. These may all take time to track as measurable ROI.”

For more from Ontime Delivery Solutions, visit www.ontimegroup.com.au

CONSIGNMENT INVENTORY

It’s all very well to introduce a new product line to your customers, but what if those products fail to sell?

And if you’re a manufacturer, how can you get a business to stock your new product line when those products don’t have a track record in the market?

Jiwa says that in many such situations, the solution is consignment inventory.

In its simplest terms, consignment inventory is inventory that is owned by the vendor but is retained as stock by the business.

Only when that stock is sold to the customer does the business purchase it from the vendor. When it’s working right, consignment inventory operates as a win-win partnership between the vendor and the business.

The consignment inventory model is best suited to situations where new and unproven products are being rolled out, where proven products are

being introduced into new sales channels, and other scenarios where customer demand cannot be determined prior to rollout.

The key to making such an arrangement work is to formally lay down the ground rules before any stock gets moved. A consignment agreement should clearly set out how inventory will be tracked and paid for. Typically, the retailer will pay for their stock as each item gets sold.

In the majority of scenarios the biggest beneficiary of this arrangement is the business, which doesn’t have to risk tied-up capital or product obsolescence.

However, a common shortcoming for both the vendor and the business is the potential for problems in accounting and the end-to-end management of the consignment process. This can



be a particular problem because many businesses’ accounting and inventory management systems have not been designed to cater for stock on consignment, with increased labour costs and double handling amongst the biggest dangers.

If you want your consignment inventory model to work, Jiwa says your best bet is the Jiwa 7 ERP solution, which has been developed with consignment inventory in mind and “can go far in limiting the risks associated with this business process.”

For a discussion on how Jiwa might work for your business, please contact David Fisk on 0452 215 492.