



## TOYO TIRE CASE STUDY

### MRO Asset Management Solution

# Toyo Tire Generates \$5.7 Million in Savings and Avoidance Over 3 Years by Expanding Relationship with ATS.

#### Customer Challenge

“Keep your eyes on the road.” Good advice for businesses as well as drivers. Toyo Tire U.S.A. realized that to keep its 3,000,000 square-foot manufacturing facility in White, Georgia at the forefront of the tire industry, it needed to focus on its core competencies—and factory parts wasn’t one of them.

Before 2012, parts management for Toyo Tire’s factory equipment was handled by company employees, assisted by local vendors. New equipment and new specifications, however, were making those tasks increasingly difficult. In most cases, parts were simply replaced; little thought was given to repair or refurbishment of expensive or hard-to-replace components.

#### ATS Solution

That year, the President of Toyo Tire U.S.A. reached out to Advanced Technology Services (ATS) after reading one of its success stories from the tire industry. Soon Toyo Tire began outsourcing its repairable parts management tasks to ATS. By initiating a parts repair program comprised of a new onsite repair lab combined with offsite resources, ATS took a more scientific approach to parts management. In particular, ATS began performing root cause analysis of failed parts, in order to improve reliability and lower replacement costs.

In its first year, ATS was able to capture over 1,200 parts for repair, producing a savings for Toyo Tire of \$1 million in reduced and avoided cost. But the improvements didn’t stop there. Based on these initial successes, ATS was also given the opportunity to take over the factory’s parts storeroom which had been handled by a local vendor.

ATS instituted changes ranging from better inventory controls to hiring and training new storeroom staff. For the first time, clerks were uniformed and working the same shifts as techs, so maintenance needs could be anticipated. In collaboration with Toyo’s initiative, high-use, low-value parts were moved to vending machines outside the storeroom, making it easier for techs to work faster by quickly grabbing routine parts themselves.

#### AT A GLANCE

- Storeroom management, repairable parts management and on-site parts repairs outsourced to ATS
- 5,446 parts repaired over 3 years resulting in \$5.7 million in savings and avoidance
- Inventory accuracy improved to 94%
- Inaccurate controls reduced by 71%

#### Bottom-Line Success

By continually expanding its relationship with ATS, Toyo Tire has realized substantial savings. Parts repair savings and avoidance over the first three years (2013-2015) totaled \$5.7 million from a total of 5446 parts. Storeroom inventory accuracy rose from the low 80 percent range, before ATS management began, to 94%. At the same time, stock SKUs have risen 15% while inventory adjustments due to inaccurate controls have dropped by nearly 71%.

*“Outsourcing parts management lets us do what we are really good at. It goes beyond stocking parts. It’s about the accuracy of the inventory. We put intelligence into the process.”*

—Jim Hawk, President, Toyo Tire U.S.A.

To learn how ATS can impact your bottom line visit [www.advancedtech.com](http://www.advancedtech.com)

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