

Tire Manufacturer Generates \$5.7 Million in Savings Over 3 Years by Expanding Relationship with ATS

Customer Challenge

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

Industrial parts were being managed 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

In need of a solution, the President of the company reached out to Advanced Technology Services (ATS) after reading one of its success stories in the tire industry. They soon began outsourcing its repairable parts management tasks to ATS. By initiating a parts repair program comprised of a new onsite repair lab combined with 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 customer savings 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

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%

maintenance needs could be anticipated. In collaboration with the manufacturer’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.

Bottom-Line Success

By continually expanding its relationship with ATS, this manufacturer realized substantial savings. Parts repair savings and avoidance over the first three years totaled \$5.7 million from a stock 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%.



**5446 Parts Repaired
Over 3 Years Resulting In**



**\$5.7 MILLION
In Cost Savings**