

FRAM[®]

Fram and Ryder

Filtering waste from the supply chain

CHALLENGE

Automate 710,000 square-foot distribution center to meet customer demands by speeding products to market, while eliminating waste to meet the core values of safety, people, quality, delivery, and cost.

SOLUTION

Ryder provided its supply chain solution that included implementing LEAN to create a culture of continuous improvement, engaging and empowering the workforce, and ensuring a more effective distribution and operations process.

RESULTS

Improved Cost Savings

Reduced distribution costs by seven figures annually

Increased Efficiency

.03% Inventory shrinkage

99.8% Pick accuracy

100% Productivity increase

Eliminated Waste

Average units per man hour (UPH) up from 33 to 68

Decrease in staffing from 320 employees to 205

Heightened Customer Focus

Fill rate and customer satisfaction increased by quickly reacting to requests from brand leadership and customer service

Innovation has been a hallmark of FRAM® products since the company's inception more than 75 years ago, when chemists Frederick Franklin and T. Edward Aldam invented an easily-replaceable oil filtering element at their laboratory in Providence, Rhode Island. Back then, automotive oil filters of various types had been on the market for nearly 10 years, yet were difficult to install, change, and clean. Franklin and Aldam, whose last name combination gave rise to the company name, set out to solve these problems with their revolutionary filters. And they did so with spectacular success.



Today, FRAM is known as America's number one oil filter brand. The FRAM team continues to manufacture and market a variety of quality oil, air, and fuel filters, as well as many automotive accessories such as PCV valves, crankcase filters, and transmission modulators.

With North American research and development, manufacturing, and marketing locations in Greenville, Ohio; Perrysburg, Ohio; Albion, Illinois; Shelby Township, Michigan; Lake Forest, Illinois; Hebron, Kentucky; Fernley, Nevada; Riverside, California; and York, South Carolina, FRAM Filtration employs state-of-the-art process control and automated inspection equipment to assure that products are made on time; and meet rigorous internal and customer requirements. Some plants owned by the Lake Forest, Illinois-based company have also earned numerous quality certifications, including ISO 14001 and ISO/QS 9000.

FRAM's 710,000 square-foot plant in Hebron, Kentucky is the largest distribution center in the world for oil filters – filling 900 orders a

day, which equates to about 30 truckload shipments. It's there that the core values of FRAM are at work every day on the largest scale: safety; people; quality; delivery; and cost.

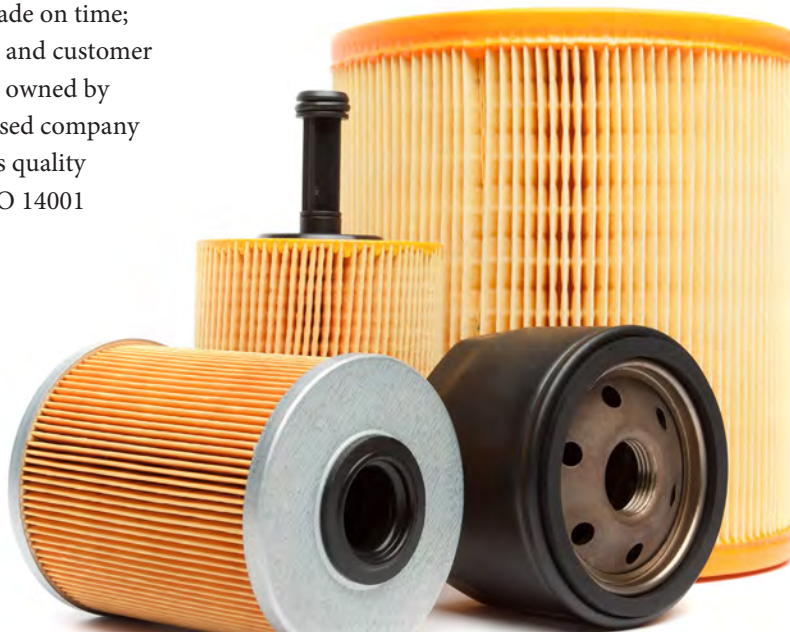
“Putting them to work is more challenging than ever before,” says Steven L. Crowthers, Director of Distribution Operations for FRAM Americas. Orders processed at the plant are now smaller in volume, but more frequent as retailers try to meet the demands of customers, and account for the lack of back-stock inventory space at retailers. Customers also require products in different bulk configurations than in the past. In addition, FRAM is

growing its customer base, as demand for its products increases from companies like Walmart, Valvoline, Carquest Auto Parts, and Autozone.

Increasing sales is FRAM's yearly goal, Crowthers emphasizes. As the market churn for its products has decreased by nearly half of what it was historically due to longer lasting products, FRAM needs to capture more market share by being exceptionally customer-centric and drive its diverse distribution channels to their optimum performance. This requires more tools to perfect its distribution process – tools that would also help fill the potential profit gap on filtration products that have ever-tighter margins.

“Our value proposition to our customers is that we far exceed any alternative you have,” says Crowthers. “We will get it to you when you need it and how you need it.”

To make good on that promise, FRAM needed a strategic 3PL (third party logistics) partner that could bring state-of-the-art supply chain principles



and automation to its distribution process, allowing the company to focus on its core competency of “making dirty, clean” through the creation of exemplary filtration systems.

“We chose Ryder because it is a leader in the 3PL industry with a strong portfolio of demonstrated success and project management skills,” Crowthers says. “They were - and are - clearly the best team to offer us engineering support that helps drive improvements while being cost effective.”

For FRAM, Ryder provides its supply chain solution that includes implementing LEAN to create a culture of continuous improvement, engaging and empowering the workforce, and ensuring a more effective distribution and operations process. Ryder currently provides supply chain services such as this to retailers in more than 17 industries, including general merchandise, appliances; sporting goods, hardware and building materials, drug stores, e-commerce; and clothing, apparel and footwear.

“From our experience, we know that meeting the demands of consumers is becoming increasingly difficult,” says Jimmy Fitzpatrick, Group Director of Customer Logistics at Ryder, who works with FRAM. “With more consumers shopping online and many others still shopping at brick-and-mortar stores, having the products they want when they want them is key to keeping loyal customers and turning profits. The way to deliver long-term customer value and outstanding business performance, quarter after quarter, year after year, is to nourish a LEAN culture where every step in every process adds value for the customer. If it doesn’t add value, it is eliminated.”



To combat waste, a LEAN organization embraces the concept of Kaizen, or continuous improvement. Rather than implement ambitious programs to accomplish sweeping reforms, a LEAN operation makes incremental improvements, driven by an engaged workforce, consistently over time. These small changes add up to produce

resulting in getting production lines up to speed and taking wasted time and energy out of loading and shipping processes. Retailers that cultivate and maintain a LEAN culture, report significant improvements in their operations because LEAN practices continuously increase quality and productivity by taking cost and waste out of all facets of an operation.

“ It’s a journey of constant improvement and we are very glad to have Ryder with us on that journey. ”

- Gregg Fleckinger,
Distribution Engineer, FRAM

significant gains in both quality and operating performance. Improvements include reduced unnecessary product changeovers, smoother slotting and flow planning, and increased asset productivity,

FRAM is no exception. Since working with Ryder to implement a LEAN culture in 2013, the company’s warehouse costs have seen a seven figure savings year-over-year; and its inventory shrinkage now is well within the .03 percent target. Pick accuracy is at 99.8 percent, productivity has increased by 100 percent, and FRAM’s units per man hour (UPH) has averaged at about 68 over the past 12 to 18 months – up dramatically from where it was at 33 UPH in 2013, says Gregg Fleckinger, Distribution Engineer for FRAM. This has all been accomplished with a decrease in staffing from 320 to 205 employees. Metrics that speak directly to LEAN processes showing success in driving

quality, delivery and cost are reviewed daily in Ryder's system for FRAM, Fleckinger says.

"This is a completely transparent partnership in which Ryder fully understands the depth of our customers' needs and delivers remarkable results. They are part of our strategic planning and budgeting on a long-term and a day-to-day basis," he adds. "We challenge each other in the quest for daily improvement in an environment of connectivity and transparency."

Everyone understands that Ryder is the driving force and there is true teamwork in a seamless cadence when it comes to implementing processes both as they are created and executing them daily, Fleckinger says, noting one example in particular.

"One of our largest customers brought their leadership team to visit the plant to see the LEAN system we use in deployment. Ilias Simpson, the Ryder site leader, gave them the tour," he says. "He spoke with a high degree of product intelligence, which led to the customer being very impressed and thinking Ilias was a FRAM employee. That speaks volumes."



The transparency and communication in the LEAN process that Ryder has with FRAM are crucial, Fleckinger notes.

"Because we have this, we can PDCA, (Plan, Do, Check, Act) when it matters the most in our process. This environment is really hard to achieve with a contractor, but we can honestly say that we have it," he says. "With each project, Ryder takes the ball and runs with it. When there are issues, we work with them to identify the root causes and address them. We don't have to sugar coat anything, we all speak candidly. We are all on the same page."

The ability to work seamlessly has greatly enhanced FRAM's capability to deliver first quality customer service. It has allowed them to adapt and succeed amidst the headwinds of change in this aspect of the industry, giving FRAM the ability to see a gain in revenue rather than a loss.

"Customers ask more and more of us daily, the special requests are non-stop," Fleckinger says. "We have to be able to work like this to get them what they need. It's a journey of constant improvement and we are very glad to have Ryder with us on that journey."