



UPS Supply Chain SolutionsSM

case study

GM Accelerates Warranty Parts Recovery with Specialized Logistics

General Motors, the world's largest vehicle manufacturer, drives its business results by rolling out innovative vehicles with high performance standards. To increase business performance, GM called on UPS Supply Chain Solutions to deliver an innovative solution for its materials recovery of parts under warranty—a key factor in reducing costs and boosting customer satisfaction.

Client Challenge

In the highly competitive automotive industry, GM continuously seeks to enhance its products and customer service. The automaker was one of the first major companies to recognize the need to fuel improvements by revving up the reverse logistics of materials recovery.

GM engineers closely monitor the trends of warranty parts repairs in order to make crucial decisions about parts requiring analysis. The logistics are challenging—GM receives parts from approximately 9,000 dealers in the United States and Canada as well as additional parts from other countries. Previously, GM dealers had to package the parts, address them to the designated supplier at one of more than 200 locations, take them to a post office and pay the shipping costs up-front. This process required GM to repeatedly call the dealers to determine if they had shipped the parts, and then contact the suppliers to verify the parts had been received.

“We wanted a more responsive process with flexibility and accountability built in,” said Gary Smits, GM Manager of the Warranty Parts Center.

“UPS Supply Chain Solutions helped us simplify the process and speed it up. The quicker we can get a part back, the quicker we can fix the problem. Customer satisfaction is our primary focus.”

Our Solution

UPS Supply Chain Solutions offered GM a total materials recovery solution—from door-to-door package delivery to inventory management, and the advanced technology needed to streamline and control the GM supply chain.

Our engineers worked closely with GM to establish a new Warranty Parts Center in Lake Orion, Michigan. This advanced process and analysis

General Motors Automotive

GEOGRAPHIC AREA SERVED

United States and Canada

CHALLENGE

Build ease and accountability into the supply chain for GM warranty parts, and boost efficiency in the process of root-cause analysis.

SOLUTION

A streamlined, automated materials recovery process and a centralized analysis system, geared to the specialized needs of engineers and suppliers.

RESULTS

- Improved materials recovery time from 3-10 days
- Increased dealer return rate from 60 percent to nearly 90 percent
- Enhanced visibility of root-cause analysis results
- Helped speed up product enhancements

center—convenient to GM engineers and suppliers—serves as the engine powering the entire process.

GM introduced its dealerships to an accelerated reverse logistics process with the ease of handling they needed to respond rapidly. When a GM engineer selects parts for analysis from a database of dealer warranty claims, the dealers involved are notified electronically to ship the parts to Orion. The dealers package the parts and apply a pre-printed UPS return service label. The regularly scheduled UPS driver then picks up the part—at no cost to the dealership.

The current system generates electronic reminders to each dealer for up to 28 days, creating a monthly debit file for the cost of the repair work if the part is not returned. Upon arrival at the Warranty Parts Center, the part is audited based on data pre-loaded into the system, given a bar-coded label, and placed in inventory for up to 60 days.

When a GM engineer schedules an analysis session, the parts are selected from inventory and moved into one of the center's inspection areas, complete with tools, electrical outlets or wrenches—whatever the job requires. A GM team assembles in one place to examine the parts and review the warranty claims data. UPS Supply Chain Solutions software gives team members the power to add data and filter it any way they want. The engineers can quickly sort the data to identify the commonalities and assess the root cause of the warranty claims.

“Our engineers and suppliers are very pleased with UPS Supply Chain Solutions,” said Smits. “We concentrated on the new vehicle launches this past year—a very important area of the business. Their system enabled us to request 100 percent of the identified parts for newly launched vehicles, and we returned them quickly.”

Going the Extra Mile

UPS Supply Chain Solutions keeps striving to add value to the process as GM's needs evolve. One improvement is a new Web site section enabling GM engineers and suppliers to gain immediate access to inventory reports, schedules and general information. Dealers can also log on to check the status of their received, outstanding or debited returns with the GM Warranty Parts Center, 24 hours a day, seven days a week.

“With UPS Supply Chain Solutions, we're driving resolution time down, and that's helping us stand out when it comes to customer satisfaction,” Smits said. “They keep making improvements in our logistics and supply-chain processes so that we can focus on making improvements in cars.”

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—Gary Smits
Warranty Parts Center Manager
General Motors

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