

a Ryder System, Inc. publication

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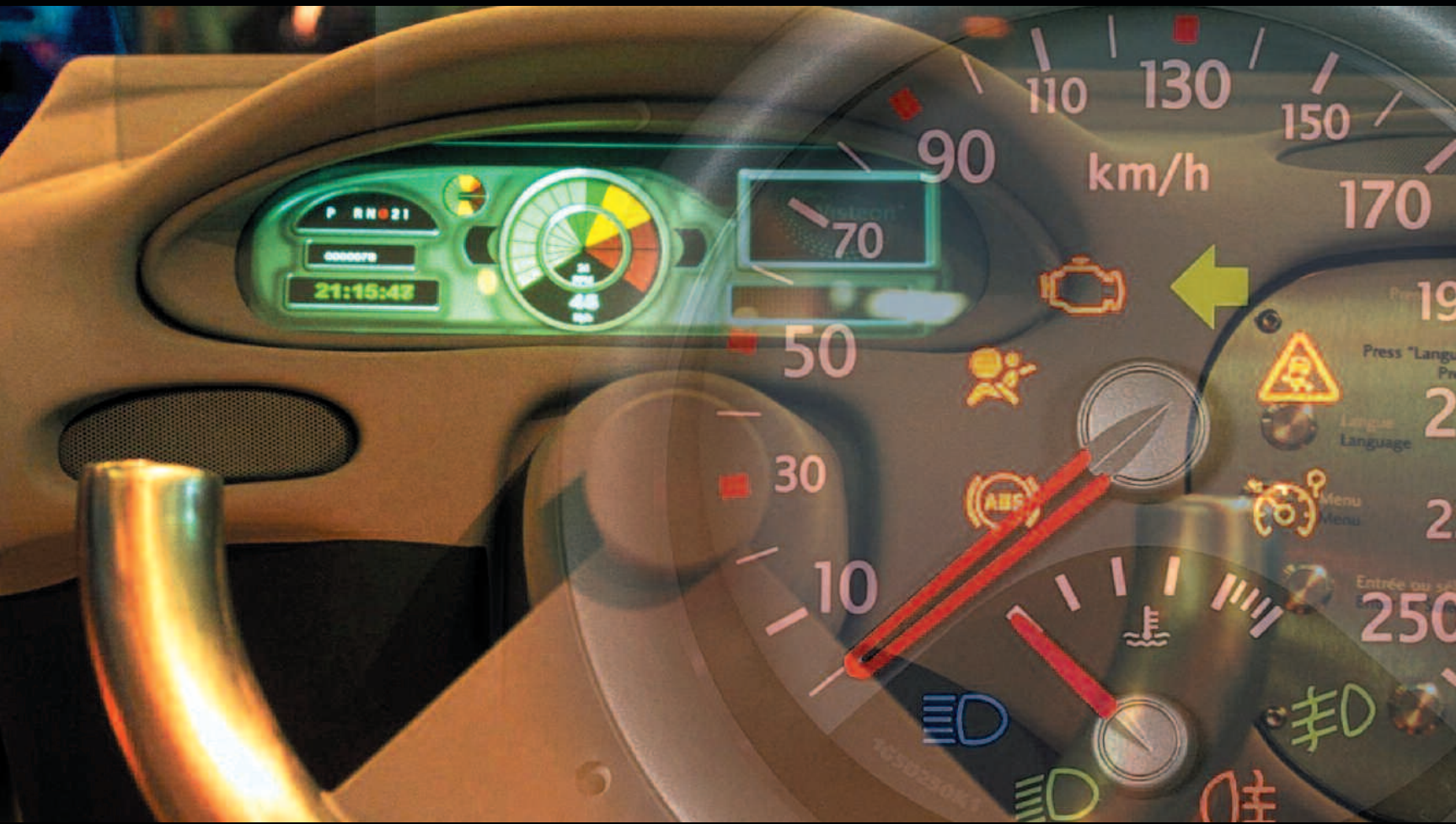
Transportation and supply chain
solutions for the bottom line

Visteon

A CLEAN SHEET OF PAPER —
DEFINING A NEW LOGISTICS
FUTURE.

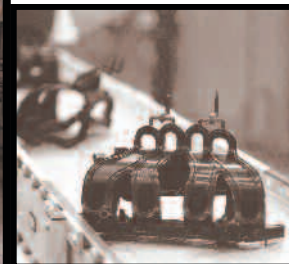
Visteon
Drives An Independent Course

Out There,
On Their Own.



Visteon Is Making A Name For Itself.

FOLLOWING ITS 1997 SPIN-OFF FROM FORD MOTOR COMPANY, TIER 1 AUTOMOTIVE PARTS SUPPLIER VISTEON WAS ANXIOUS TO GET DOWN TO BUSINESS. BUT FIRST THEY HAD TO WORK THROUGH THE LOGISTICS, AND IN THE PROCESS, THEY FOUND THAT THEY HAD WHAT THEY NEEDED ALL ALONG – A STRONG PARTNER.



AT A GLANCE

COMPANY

Visteon Incorporated

INDUSTRY

Manufacturer - Auto Parts

CHALLENGE

To implement an independent logistics operation suitable to its needs given the scope of just-in-time manufacturing and other critical supply chain operations.

SOLUTION

Outsource Lead Logistics Management responsibility to a third-party with the resources, experience and commitment equal to management's challenge.

BENEFITS

Freed management to focus financial resources on core business activity; Left capital available to spend on production-related investments; Realized significant savings with incumbent carriers; Leveraged prior transportation relationship to accelerate transition to independent logistics solution.

Headquartered in Dearborn, MI, Visteon had been a significant element of the Ford Motor Company empire prior to being spun off. Now one of the largest automotive suppliers in the world, Visteon employs nearly 79,000 employees in 25 countries, maintains 25 global sales and service offices, and operates 84 production facilities in every major world region – providing parts and components to the 19 largest vehicle manufacturers in the world. Annual worldwide sales in 2001 were \$17.8 billion.

Life under the Ford umbrella meant that the intricacies and nuances of logistics contracts and networks generally were burdens shouldered by the parent company. However, anticipating freedom and the logistics challenges an independent Visteon would face as the company began initiating supplier relationships with non-Ford entities, Visteon's senior managers



IN JUST FIVE YEARS, AN INDEPENDENT VISTEON IS NOW ONE OF THE LARGEST INTERNATIONAL AUTOMOTIVE SUPPLIERS, PROVIDING PARTS AND COMPONENTS TO THE WORLD'S LEADING VEHICLE MANUFACTURERS.

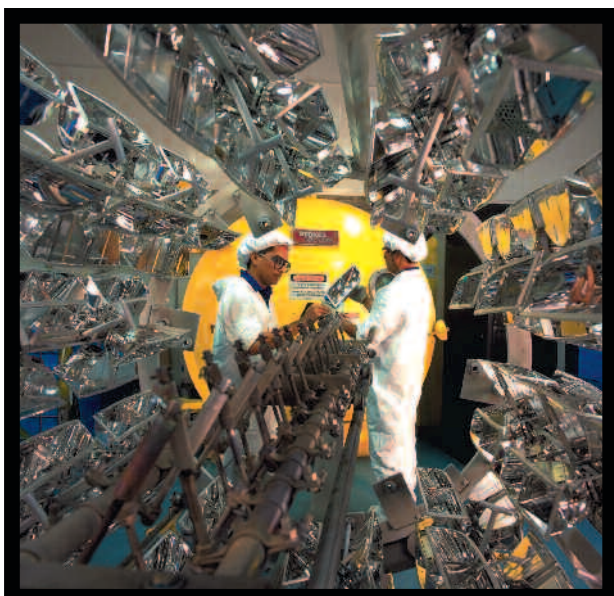
brought in Charlie Kiesling to formulate a logistics vision. A 16-year logistics and planning veteran of various Ford power train plants, Kiesling knew the importance of providing reliable, time-sensitive logistics services to automotive manufacturing and assembly plants.

“Given the scope of just-in-time manufacturing and some of the other critically coordinated supply chain operations prevalent in the automotive business, we knew we had to have a first-class logistics operation if Visteon was going to be successful as an independent operation,” recalls Kiesling. “We had the freedom of starting with a clean slate, but that freedom brought

additional burdens as well. We weren't just challenged with improving a process; we had to establish and implement a process.”

Visteon's first issue was to decide whether to establish an in-house transportation capability or outsource the logistics operation to a third party. After an extensive examination of the pros and cons, they chose to go outside for logistics services, a decision that would free management to focus its financial resources on the company's core business activity: producing and assembling automotive parts and components. By outsourcing, Visteon could spend its capital resources on production-related investments while shifting the company's logistics costs to the expense side of the accounting sheet.

Kiesling then sought to prepare a request for proposal (RFP) to present to the leading providers of third-party logistics (3PL) services. “Once we got down to the business of initiating a major bid procedure to figure out who our partner would be, we realized that we didn't have all the data we needed to put together the RFP.”



OUTSOURCING RESPONSIBILITY FOR LEAD LOGISTICS MANAGEMENT FREED VISTEON DECISION-MAKERS TO FOCUS FINANCIAL RESOURCES ON CORE BUSINESS ACTIVITY AND LEFT CAPITAL AVAILABLE TO SPEND ON PRODUCTION-RELATED INVESTMENTS LIKE THOSE NEEDED AT THIS CARPLASTIC PLANT IN MONTERREY, MEXICO. (LEFT)



Fortunately, Ryder had been providing lead logistics management (LLM) services to Ford Motor Company for years and already was familiar with much of the Visteon operation.

Kiesling began to take a closer look at Ryder, and in the end, Visteon signed a one-year contract in October 2000. According to the terms of the agreement, Ryder would continue to provide LLM services at Visteon's North American facilities while pursuing the new 3PL assignment to design, recommend, implement and then maintain Visteon's logistics network.

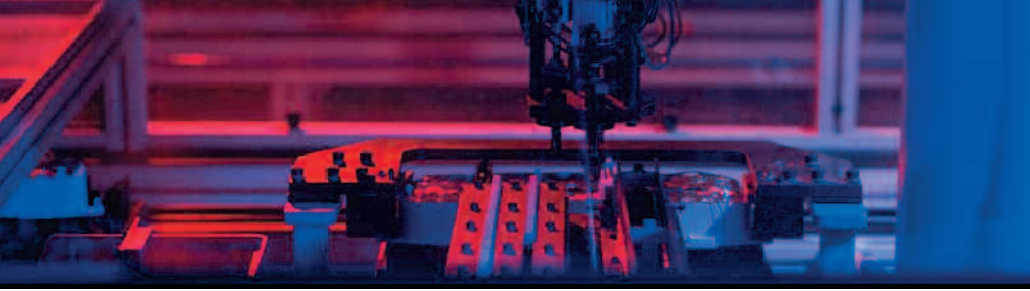
"It just made sense for us," says Kiesling. "We had a positive history and a good working relationship with Ryder. In some cases, they knew more about the logistics

end of our business than we did at the time. Ryder knew what had to be done because there had been Ryder people in our plants all along."

Ryder's point man in the Visteon process was, Jeff Snyder, Director of Customer Logistics. Snyder's top assistants include Shawn Masters, who oversees the 3PL team and Dave Robertson, who heads the Lead Logistics Management (LLM) group. Brian Flynn leads the engineering group, Sean Coakley is in charge of implementation, and Mark Spieles heads the procurement function.

LLMs at the plant level continued to handle the day-to-day operations of managing material flow and equipment balance while overseeing carrier performance

IMPROVING THE OVERALL DRIVING EXPERIENCE IS AT THE HEART OF VISTEON'S BUSINESS. EXPERTISE AND KNOWLEDGE OF HUMAN FACTORS, COMPUTER AIDED ENGINEERING, AND ADVANCED SOFTWARE ARCHITECTURE HELP DELIVER SUPERIOR AUTOMOTIVE INTERIORS TO ITS CUSTOMERS. SHOWN ABOVE IS A 4-POST VEHICLE TEST UNDERWAY AT VISTEON'S ENGINEERING TEST FACILITY AT DEARBORN, MICHIGAN.



and yard activity. Snyder directed Flynn's logistics engineering group to create a transportation database dedicated solely to Visteon. Into that database went information on all Visteon freight movements by lanes, modes, carriers, rate structures, delivery frequencies, and delivery requirements driven by customer inventory needs.

Armed with this data, the Ryder team proceeded to optimize each freight movement with a particular focus on minimizing transit times and associated waste while maximizing capacity utilization. Ryder specialists divided the freight flow into categories: full truckload, less-than-truck-load carriers, multi-stop "milk runs," international ocean and air freight. Procurement specialists within the group then initiated the process of selecting the best carriers for each freight movement. The procurement team members also identified support service suppliers such as freight forwarders, ground expediting resources, and cross-border transportation providers.

Kiesling made sure that plant managers were included in the decision-making process, a consideration he says was – and continues to be – key to the success of the network.

"We think it's very important to get the involvement of the plant managers in these decisions," says Kiesling. "You need to let them voice their opinions and have some input in formulating the solution. Then, you need to make sure they understand why we're going to do something in a particular way."

You also have to show them the dollars, he adds. "Some of our plant people were shocked at the amount of money we saved with the incumbent carriers. Following a bid for freight movement at one of our plants, we saved more than a million dollars without changing the carrier."

In October 2001, a satisfied Visteon followed the initial one-year pact with a three-year contract with Ryder. "We had far surpassed the savings proposal we had outlined together, and we were on track identifying the Visteon network," says Kiesling.



WITH A GLOBAL DELIVERY SYSTEM THAT INCLUDES MORE THAN 180 TECHNICAL, MANUFACTURING, SALES, AND SERVICE FACILITIES IN 25 COUNTRIES, VISTEON'S DECISION TO PARTNER WITH A LEAD LOGISTICS PROVIDER WAS MORE THAN A PRACTICAL CHOICE. IT WAS THE ONLY ONE THAT MADE SENSE.



RYDER LOADED INFORMATION ON ALL FREIGHT MOVEMENTS BY LANES, MODES, CARRIERS, RATE STRUCTURES, DELIVERY FREQUENCIES AND DELIVERY REQUIREMENTS, THEN OPTIMIZED FREIGHT MOVEMENT WITH A FOCUS ON MINIMIZING TRANSIT TIME AND MAXIMIZING CAPACITY UTILIZATION.

Ryder maintains personnel in nearly a dozen Visteon plants throughout Michigan and Indiana. As the Ryder point man on the Visteon account, Snyder relies on a team of 61 Ryder specialists to coordinate and oversee the Visteon operation.

Once every two weeks Kiesling and his three-member logistics staff meet at Visteon's Dearborn headquarters with Snyder and his top lieutenants for a face-to-face review and discussion. The Ryder team presents a status update on all activity and ongoing projects, then the group as a whole can address any potential issues or hot topics. In addition, each week the Ryder team provides an in-depth review of a specific facet of the Visteon operation, such as logistics engineering, plant activity, or procurement.

Both partners maintain a pulse on a schedule of performance metrics, which are shared on a monthly basis. Ryder tracks 26 metrics, many of them operational in nature, while Visteon charts 22, most of them financial. They continue to work on network optimization by plant, says Kiesling. "We're also working together to get a better handle on forecasting and understanding future transportation costs and what drives them."

Though reluctant to specify dollar figures, Kiesling clearly looks forward to additional dividends – financial and otherwise – of the Visteon-Ryder partnership. "Yes, we have saved a tremendous amount of money on transportation, and that's not because Ford did a poor job with transportation," he says.

"However, the Ford empire was huge, and as a smaller group with a tighter focus and a superb partner, we have been able to make some outstanding gains."



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supply chain and transportation management solutions worldwide.**

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