

Lombardini evolves its supply chain management thanks to MaNeM



The world leading producer of Diesel engines up to 50 kW adopted MaNeM – the on-demand software by Joinet – to complete the computer integration of its suppliers and start a collaborative relationship with them, with the aim to speed up the logistic procedures.

Alberto Manfredini, Logistics Manager, LOMBARDINI

Lombardini was created to relieve man's labor through mechanization. In 1922 the Lombardini brothers realized the first piston engines mainly addressed to the agricultural sector. In 1933 the company was established in Reggio Emilia.

With a consolidated turnover of approximately 205 million Euros and 1,500 employees, Lombardini is currently present worldwide with five plants and seven branches and is a world leading manufacturer of Diesel engines up to 50 kW. These are employed not only in agriculture, but also in the building industry and in the automotive sector.

Alberto Manfredini, Lombardini Logistics Manager, starts by saying: *"our distinguishing characteristic is the great care we pay to product personalization. All our engines are one-off items, which sometimes differ for one single but important detail. They are thus designed to respond to our customers' specific requirements"*.

rio cannot disregard a higher continuity of information flows among plants and, in particular, with the supply chain". Mr. Manfredini states.

All this being stated, in the 90es Lombardini carried out the computer integration of its suppliers through an EDI (Electronic Document Interchange) system, allowing to telematically transfer data, such as orders and invoices. *"We needed an EDI solution interfaced with our management system to enhance intercompany collaboration. A 'traditional' EDI system, however, would have generated considerable development and maintenance costs, both for us and for our suppliers. In particular, it would have remained Lombardini property and exclusive of its network. Because of this, we chose to adopt an outsourcing system, easy to use and with a reasonable economic impact". Mr. Manfredini continues.*

LOMBARDINI MEETS MANEM

In 2002 Lombardini analyzed the potential of MaNeM, the on-demand software developed by Joinet to manage supply chains, and started the pilot project, which has continued for 18 months. Mr. Manfredini tells: *"we involved 6 standard suppliers, on which we tested workflows. Selection criteria were complexity level, delivery frequency, presence of sub suppliers and company organization"*. Once all case records had been dealt with in depth, the first suppliers were connected to MaNeM up to the current 27. They are among the most important suppliers with regard to flows of volumes and, therefore, of order lines daily received. *"The positive result of this first experience and the awareness that the company is increasingly proceeding towards a strong computerization - this being essential to manage open orders - prompt us to request our strategic suppliers to integrate completely into our information system"*. Mr. Manfredini comments.

SOLUTION OVERVIEW

AZIENDA:
• Lombardini

SOLUZIONE JOINET:
• MaNeM

BENEFICI:
• Fast implementation time
• More powerful communications with suppliers
• Standardization and complete management of the products life cycle
• Lead time reduction

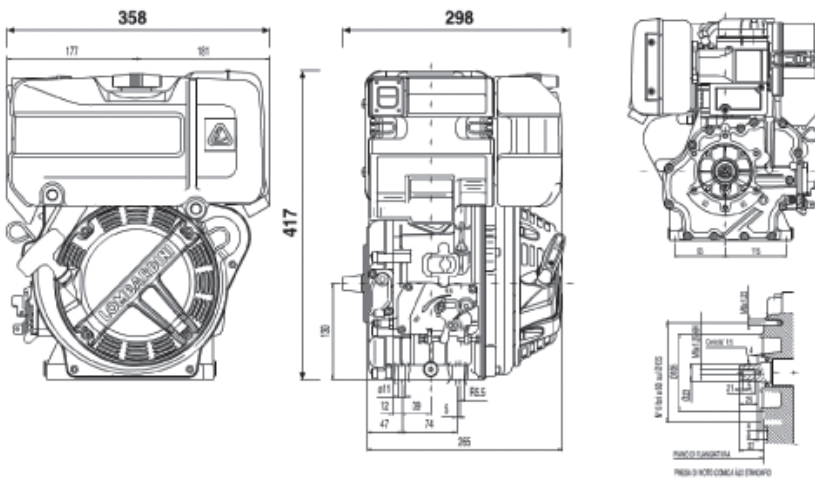
SUPPLY CHAIN COMPUTER EVOLUTION

Products' extreme customization and the need to promptly respond to market requirements are mirrored in the firm's reconsideration of its relationship with suppliers.

"As our first plant, therefore excluding spare parts, we currently manage about 14,000 engine's components, while we assemble and distribute approximately 4,000/5,000 different models of finished products. The management of such a complex scena-

PRIME AND SUPPLIER SYNCHRONIZATION

MaNeM employment covers several areas in Lombardini, from logistics to supplying to administration offices. Mr. Manfredini explains: "we make a two-way use of MaNeM. For us it is a communication tool allowing to be certain that the supplier received and considered the orders". The he continues: "in addition, through MaNeM we can display, whether the delivery date we proposed is subject to modifications, which in that case are automatically loaded onto our management system". This way some 'manual' and 'informal' operations, such as telephone reminders to suppliers, are eliminated. These can actually interfere with the logistic procedures. A two-way communication is started, from prime to supplier and vice-versa, allowing to achieve a standardized and complete management of the product life cycle, from order emission to goods receipt up to invoicing.



"The suppliers connected to MaNeM can be defined as 'partner-suppliers', since they share with us the data and thus participate to our forecasts. Consequently, their reliability is enhanced and they affect increasingly the lead time reduction" Mr. Manfredini maintains.

FUTURE PROSPECTS

Lombardini envisages to complete computer integration with its strategic suppliers, approximately 70 out of the total 450, in February 2007, and also considers to use all MaNeM potential.

Mr. Manfredini concludes: "during the course of the year we think we will realize a new system measuring the suppliers' logistic performances. It will be based on the data provided by MaNeM. In addition, we are thinking to use some new MaNeM functionalities, like that related to quality control". These goals are part of the plan to reassess the logistic flows, which the company is carrying out and which involves the acceleration of procedures to accept goods in stock, which can be achieved through MaNeM.

MaNeM[®]
Manufacturing Network Manager