Kimberly Clark's Global Supply Chain Transformation

Ben Cook, Director of Global Transportation & B2B for Kimberly Clark (KCC), recently presented a case study at the University of Tennessee Supply Chain Forum.

The presentation addressed Kimberly-Clark's implementation of the Global Logistics Management (GLM) guidelines defined by the VICS Logistics Committee.

KCC's Business issues: Prior to the summer of 2008, Kimberly-Clark was experiencing double digit growth in North American import and export demand.
The company lacked international shipping automation (air and ocean), was experiencing a very low on time service (51% on time delivery to customer) and a high occurrence of expedited shipments via air (>10% of total import-export freight spend). Additionally, all ocean and air invoicing was paper based and sent via mail, resulting in increased delays of payment to Kimberly-Clark's carriers and service providers.

The solution: Kimberly-Clark partnered with a 3PL (Expeditors International) and implemented the VICS Global Logistics Model (EDI 850 & EDI 315) to automate purchase order transmission, carrier booking process, ocean and air shipment tracking, shipment document imaging, and automated invoicing. The VICS Global Logistics Model provided the framework for the international transformation initiative to automate our end to end process. The VICS guidelines helped them to automate a very manual process and provide advantaged capabilities to increase on time deliveries reduce expedited freight costs and increase productivity.

Implementation Challenges:

> Internal: Customer service buy-in to process change. Kimberly-Clark Information Technology resources to support the Global Logistics Model setup and ongoing maintenance.
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> External: Carrier commitment to consistently send over EDI tracking status messages (EDI 315). Customer buy-in to freight forwarder changes.

In spite of the challenges, benefits realized following the 18-month implementation period have been significant both in dollar savings and service level gains.

Cost savings: $3.8 million (reduced expedited freight cost, courier fees, increased low cost carrier utilization). Air freight costs reduced from 13% of total freight spend to 8% (38% year over year reduction). Primary carrier utilization increased from 82% - 97%.

Service improvement: On time delivery to customer increased from 51% (2008 average) to 86% (2009 average). 67% increase in on time service.