



## UPS Supply Chain Solutions<sup>SM</sup>

## case study

### Honeywell Business Unit Runs Smoothly with Speedier Supply Chain

Honeywell is a diversified leader in technology and manufacturing, based in Morris Township, New Jersey, and serving customers worldwide. Honeywell Consumer Products Group (CPG) filters, spark plugs and other car care products include such popular brands as Fram, Autolite, Prestone and Holts. In order to focus on its core competency of top-tier product development and manufacturing, Honeywell CPG engaged UPS Supply Chain Solutions to manage its specialized logistics for the rapid distribution of high volumes of automotive aftermarket products.

#### Client Challenge

Previously, Honeywell CPG operated five distribution centers to service more than 10,000 retail and service customers throughout North America. This distribution network was fragmented and inefficient to run. Meanwhile, the logistics became increasingly complicated as many outlets for automotive aftermarket products demanded speedier order cycle times, greater consistency and customized service in their deliveries. Seeking the increased efficiency of a consolidated supply chain, Honeywell recognized the need to overhaul its total supply chain to improve service quality and customer satisfaction.

“We interviewed several third-party logistics providers and toured their facilities. Only UPS Supply Chain Solutions was able to offer all of what we required,” said John Lass, Honeywell CPG’s Supply Chain Manager. “We chose UPS Supply Chain Solutions because we wanted the complete package.”

#### Our Solution

UPS Supply Chain Solutions analyzed the Honeywell CPG network and determined that operations at the five distribution centers could be consolidated efficiently into two facilities equipped with advanced logistics technology. These distribution centers—in Hebron, Kentucky and Fernley, Nevada—optimize the network’s service levels and help reduce overall supply chain complexity.

Both distribution centers use sophisticated IT systems and automation that can significantly reduce order cycle time and provide real-time order tracking from order entry to final delivery. An electronic “pick-to-light” system and customized warehouse management system (WMS) guides workers rapidly

## Honeywell Automotive

**GEOGRAPHIC AREA SERVED**  
Global

**CHALLENGE**  
Provide rapid, efficient order processing and delivery of automotive aftermarket parts throughout North America.

**SOLUTION**  
An integrated supply chain with advanced automation that meets current Honeywell needs and can quickly adapt to new customer requirements.

- RESULTS**
- Improved order accuracy and cycle times
  - Consolidated multiple shipments into single purchase orders
  - Increased fill rates and inventory turns
  - Improved customer satisfaction

through high-density inventory areas to fill orders, raising the order accuracy to nearly 100 percent. Electronic eyes and scales monitor the sequence and weight of cartons as they travel on high-speed conveyor belts for automatic sorting to proper pallet locations.

Overall, the two distribution centers process an annual total of about 400 million units for Honeywell. The facilities provide built-in flexibility to accommodate seasonal swings in demand, as well as future growth in Honeywell's business. For example, Honeywell integrated the Prestone line of car care products after the new distribution centers began operations for the Fram and Autolite lines. UPS Supply Chain Solutions analyzed Prestone's established supply chain network and determined that the Honeywell distribution centers could efficiently integrate the Prestone products into their operations. Many of Honeywell's customers now receive all three product lines in one shipment.

UPS Supply Chain Solutions integrates the Honeywell CPG information systems with advanced logistics software. Honeywell sends orders electronically to run the data and optimize orders through the UPS transportation management system. The system generates carrier options and consolidation opportunities for each order, based on the customer's location and requested delivery date. The process seeks to minimize transportation costs while also raising the quality of service. Customers now consistently receive orders on the requested dates, and the average number of shipments per purchase order has dropped from three to one.

### Driving a Successful Future

Building on our successful collaboration, UPS Supply Chain Solutions recently began managing a distribution operation for Honeywell CPG in Calgary, Canada, and the two are currently working to evaluate Honeywell's operations in other countries.

In addition, UPS Supply Chain Solutions provides dedicated contract carriage (DCC) in support of Honeywell CPG products. Other service expansions include managing transportation of outbound freight and inbound finished goods to the distribution centers, as well as raw materials to the manufacturing plants.

"With UPS Supply Chain Solutions, we have an extensive resource at our disposal," Lass said. "Together we are able to further improve service and increase productivity."

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*—John Lass,  
Supply Chain Manager,  
Honeywell Consumer Products Group*

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