



Thomas Built Buses-HP Video Case Study

Jeff Allen: (*Super: VP of Operations Thomas Built Buses*) Thomas Built Buses is the leading manufacturer of school buses in the U.S. and Canada. About five years ago or so we realized that one of our biggest opportunities at Thomas Bus was to improve the supply chain management and also ultimately the inventory levels and replaceability of inventory to the assembly line.

Nick Lorenz: (*Super: Account Executive, Hewlett-Packard*) One of the problems that they faced was a ton of material storage right here on site, which was the only way at the time that they could be sure that they had the parts to put on the bus when they needed them. What we have done, collaboratively with Thomas, we put together processes and systems that as soon as we know, as soon as we have any visibility to that order, our supply chain has the same visibility to that order, right at the same time. So we can communicate our demand to our supplier as soon as we know it.

Gray Swaim: (*Super: Materials Supervisor Thomas Built Buses*) I handle all the material. The purchased material, we take in our bulk freight and we ship it to the line just in time so they can build a quality unit. We put labels on our material that comes from our suppliers, and we stock the inventory.

Jeff Allen: Gray's team will take that material through the IT systems, get a work order, break it down into kits, scan the kits so that the C2 plant can then receive the material and build a bus.

Gray Swaim: This kit ID contains, encompasses every part that's in this kit, which you would see, we've got defroster fans again. Before we had this new solution, it was kind of crazy. We had no way to track it. Now with the implementation of this new logistics system, I can tell who ordered this part, when they ordered it, how much they ordered, and where their order is in our system.

Jeff Allen: By only giving the material that the operators need, it really takes the "what part do I need to put on the bus" decision out of the operator's hand. The computer, via the bill of material and the IT system, is doing that for the operator so that he can focus on putting the parts together in the best quality fashion.

Gray Swaim: The biggest savings that we had with this new system is being able to track our inventory. We're using an Oracle database that's actually recording all our logistics movement, that anyone can look at the data at any given time.

Jeff Allen: We've had about a 35-percent reduction in man-hours that it takes, because a lot of that decision making and searching and hunting for parts has gone away. The amount of time we turn over the inventory has improved by over 50 percent. That basically means that we're using the material much quicker and not letting non-value-added material sit in our factory floors.

Nick Lorenz: As soon as the bus goes through, we backflush out the material. We know we don't have it anymore, and it continually updates the demand to the supplier.

Jeff Allen: So the operators have what they need and only what they need to build that specific bus, as opposed to weeks, days or even months of inventory. If something changes in the process or a customer makes a late order change, it's allowed us to be much more customer responsive.

John O'Leary: *(Super: President and CEO Thomas Built Buses)* Our factory here is only four years old, and it was built with the sole intent of being, you know, the most technologically-advanced factory in the Daimler world.

Nick Lorenz: We run hundreds and hundreds of programs for Thomas Built: Five or six main platforms, but hundreds and hundreds of programs, all integrated.

Jeff Allen: They know our business very, very well, and they bring a lot of value. And that really, at the end of the day, is what gives us a competitive advantage.

John O'Leary: We actually consider them to be part of our organization. We're slowly moving out, further ahead of our competitors, and that technology and the relationship, the partnership that we have is a key part of that.

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