

How Do My Parts Get Here?

Ordering replacement parts for a customer's Mercedes-Benz is as easy as calling the helpful parts professional at your local dealership's parts department. And, almost without fail, the correct part is either in stock or available the very next day.

But you might be asking yourself, "How do these parts get here so quickly?"

The answer lies in our very sophisticated parts distribution network.

Mercedes-Benz has a network of five Parts Distribution Centers (PDCs), in strategic locations around the country. These Centers are located near Chicago, Jacksonville, FL, Dallas-Fort Worth, Los Angeles, and in Robbinsville, NJ. Collectively these five Centers employ more than 400 workers and stock vast quantities of more than 100,000 individual SKUs.

Michael Basak is Manager of the Chicago-area PDC, and he explains some of the science behind a system that provides next-day order fill well north of 90 percent. "Our work is really based on three separate tasks," says Basak. "We focus on inventory, order processing, and delivery."

Management of the inventory among the five PDCs is based on sophisticated algorithms that are demand-based and geographically balanced. This arrangement allows for each PDC to best serve the Mercedes-Benz dealerships in their region and, at least as important, the independent repair shops that rely on their dealership parts department for fast and complete order fill.

There is also advanced computerization of the particular parts and quantities stocked at each of the PDCs. And, amazingly, the inventory at each PDC is actually re-balanced on a daily basis. This can be very helpful, for instance, when unexpected or extreme weather conditions create, on short notice, a high demand for things like batteries, or even body panels when sudden snow and ice storms create a sudden demand of collision parts due to ice storms.

Order processing is the second of the trio of processes in the parts management function. All order processing is done electronically, from dealerships to their nearest



PDC. Each PDC operates 12-14 hours per day and, given the time zones served, the PDCs collectively offer some twenty hours a day of coverage.

Orders are received by the PDCs, which prioritize and expedite based on the nature of the order. There are typically three priority levels – routine stock orders for dealerships, which are typically delivered within 36 hours; daily stock orders, which ship the same day the order is placed; and Vehicle Off Road (VOR) orders, which are of the highest priority and are shipped immediately. The advanced inventory management system automatically detects if



a needed part is not present at the servicing PDC, and immediately re-routes that particular part order to the next closest PDC, which can and will ship the part right away.

Basak points out that the PDCs operate under a unique program of standardization, such that improvements in one PDC are also implemented at all of the others. This affords a level of uniformity and efficiency unparalleled among auto manufacturers worldwide.

You may be surprised to learn that parts are delivered to Mercedes-Benz dealerships by dedicated delivery services. In fact, some 95 percent of all orders are delivered by trucking companies under contract, with dedicated trucks, drivers and routes. These routes are serviced every business day, with drivers using computer-generated routes for optimal efficiency and timely delivery. A typical driver makes about twenty stops each day on his/her dedicated daily route, and may reach as many as 30 dealerships depending on geographic considerations.

The remaining five percent of PDC orders are normally delivered via Fedex.

Basak notes that pre-programmed keys and locks are created only in the DFW-area PDC, but are shipped on a schedule comparable to that described above, since replacement keys are typically needed quickly. The PDC network also has a program for careful fulfillment of orders for Theft Relevant Parts (TRPs). These are parts like ECUs, cabling, lock cylinders, and even some floor gearshift assemblies that must be pre-programmed and warrant special handling to keep them from falling into the wrong hands. Independent service providers can order these parts from their local Mercedes-Benz dealership parts department.

Shhhhhh.....

Can you keep a secret?

Basak confides to StarTuned that a new pilot program is about to begin in which some orders can be filled over weekends. This program will involve the NJ and LAX PDCs in order to provide coverage over multiple time zones. In this pilot program dealers will be able to order parts over the weekend and receive them via Fedex that Monday.

All of this adds up to a major commitment by MBUSA to provide independent repair shops and auto body repair shops with the industry's most efficient parts distribution system. |