

American Honda Motor Co., Inc.

Western Region Warehouse Network Optimization Study

Business Challenge

American Honda Motor Co., Inc. (AHM), a world leader in automotive manufacturing and distribution, had been experiencing a 12% annual growth rate for the last five years in their Parts Division. It was decided that a warehouse location analysis was needed to confirm that the California warehouse locations were in the best locations from a low cost and high service quality basis.

How WCL Consulting Helped

WCL Consulting worked with the AHM Parts Division staff to secure the data needed to develop the warehouse location model and run the location optimization analysis. WCL coordinated the team effort between AHM staff and their dedicated fleet operator for the identification and development of the necessary data needed for the analysis. WCL Consulting used the LogicNet Plus software, a warehouse network optimization tool, to develop the model and run the warehouse location optimization. WCL also performed a Center of Gravity study based on: the number of lines, shipments, cubic feet, and weight to double-check the validity of their findings. Once the lowest cost, best service area was identified WCL conducted a Logistics Warehouse Site Selection Components SWOT analysis of both that location and of the surrounding locations.

WCL Consulting's Warehouse Location Optimization Report clearly indicated the cost and service considerations of various warehouse strategy locations. Also, the report included Dealer Demand (Weight and Cube) Zones within 25 miles segments of each potential warehouse. AHM had a specific location which they requested WCL Consulting conduct a Warehouse Location Logistics SWOT Study. The WCL Consulting reports provided excellent management decision tools for AHM to make the lowest cost/best service location decision.

