

Case Study:



Winning business in a highly competitive market requires virtual vertical integration with trusted suppliers

“ **Because Elliott is working so closely with HMMI, we have a much better chance of winning business and of getting a product to a customer when they want it.** ”

Client Goal: Winning business in a highly competitive market

The value of the global boom truck market is estimated to be over \$2bn with a CAGR of just over 5% until 2025. To stay competitive with product capability, manufacturers need to constantly improve the lifting capacity and maximum reaching height to cater to changing customer demand. However, product capability is only one part of the equation in the race to win a customer's business. Over the years, the boom truck market has become a highly competitive market with several local and international competitors. Elliott has long been a major player in the boom truck market. In addition to ongoing product capability enhancements, Elliott has selected to also work with strategic partners that help them be competitive and win business. HMMI has helped Elliott increase their manufacturing capacity, thereby freeing up valuable time and financial resources to innovate.

Meet the customer demands

“My goal is to provide an Elliott product to a customer, when and how they want it,” says David Amado, Director of Strategic Sourcing at Elliott. “There are several critical elements required for me to do so. There is a price element, a supply chain flexibility and on-time delivery element, a quality element and there is a business partnership element, and all of these are absolutely critical for me to be competitive.”

“But what is attractive about HMMI is you are competitive on price and you exceed our expectations on each of the other elements for us to be competitive.”

Problems Solved:



Price

Amado explains “My job is to make sure that we are competitive and that we bring value to our customers through how our supply chain delivers the product. Price is an important component, but it is not the only dimension. The upfront price is not as important as the overall cost of doing business with a supplier. But what is attractive about HMMI is you are competitive on price and you exceed our expectations on each of the other elements for us to be competitive.”



Supply chain flexibility and on-time delivery

HMMI’s 100,000-square-foot facility enables us to produce and store complete parent weldments and/or child sub-components in higher, agreed-upon quantities than are indicated on open, active purchase orders. HMMI is regularly holding more than \$200k of either partially or completely built products in inventory for Elliott. This improves economies of scale by spreading setup costs across larger quantities, shorten lead times significantly and reduce working capital tied up in inventory. “HMMI’s supermarket process results in fewer issues when we have changes in our forecast,” says Amado. “We can adapt significantly faster to changes in demand. And HMMI’s lead time is superior to anyone else. We don’t have to keep as many products in our yard to compensate for a potential schedule change, which also frees up working capital otherwise tied up in inventory.”

“Because of HMMI’s processes, you are super flexible to adjust to our schedules without it impacting the lead times or your product quality.”



“HMMI makes me more competitive.”

Problems Solved:



Quality

“Most suppliers don’t take time to understand our business processes, practices, our schedule challenges and as a result, they eventually can’t keep up,” explains Amado. “That ultimately either results in them not being price competitive, not being able to meet our delivery schedules or often, in lower quality in their product. HMMI’s quality is great. Due to HMMI’s processes and unique approach, the adaptability and flexibility of the business has been superior to others. The quality remains consistent and it allows us as a customer to be very flexible to our own customers with minimal impact to our the lead times.”



Business Partnership

For HMMI to help our clients be competitive, we aspire to be a business partner that not only delivers a superior product, but one that delivers added value in areas that are most important to our customers. “We are not doing a service to our customers by having suppliers that do not work like HMMI works with us,” explains Amado. “First of all, it is the match that makes all the difference. Our management is working directly with your management, our engineering with your engineering, our quality team works with your quality team and our procurement team is working directly with your sales and production team. Because HMMI has made an effort to learn and understand Elliott’s business, HMMI is very flexible and accomodating to a changing and dynamic business environment. It is easy to discuss our current market conditions and the impacts we see short, medium, and long term because we have formed a good partnership that allows us to deliver the product that the customers want, when they want it.” HMMI’s team is virtually integrated with our customers’ teams.

“A 33% reduction to finished goods in inventory AND a 66% improvement to inventory turns freed up our working capital.”

Results:



Lead Time

Because Elliott shares their forecast and MRP each week with HMMI, HMMI is able to “supermarket” common parts, and cut 4 weeks from the lead time. As a result, Elliott has been able to reduce its inventory of completed units in stock by 33% and still meet the market demand, while also reducing working capital tied up in inventory by 33%. “I have a much better chance winning business if I partner with HMMI,” says Amado. “You help me deliver the product when the customers want it, without me having to keep a large amount of inventory, making me more competitive.”



Turn of Products

The shorter lead time and lower inventory levels resulted in a 66% improvement to inventory turns



Competitiveness

When asked why they continue to work with HMMI, David Amano said “HMMI makes me more competitive. With all the benefits we have in working with you, you make it hard to choose anyone else.”



Bottom Line

Developing strong partnerships with our customers is our pride and joy. We help customers improve cash flow, reduce the time working capital is tied up in WIP, reduce inventory levels, and shorten lead time for a competitive edge in their markets. This level of interest in and understanding of our customers' business positions our customers to win more and grow faster. These principles are not a platitude or a marketing angle for us, they are the absolute keys to our own survival in hard times and growth in good times.

If you are interested in increasing your competitiveness in a hyper-competitive market, solving short term cash flow challenges today, lowering the Supply Chain demand on working capital in the near term, and bringing greater speed to revenue for the long term, please contact us. We'd like to learn more about your business and see if we can help. Let HMMI be your virtually vertically integrated manufacturing capacity.