

Spare part distribution for an after-sales service provider

Designing a spare part distribution network that fits the company's strategy and customer requirement is a common problem for many organizations. Furthermore, there are contextual factors in markets that influences the advantages and disadvantages of a setup. Factors, company strategy and customer requirement can change, but the distribution might not. This creates misalignment in companies.

For an after-sales service provider it is crucial that the company strategy, customer requirements and the distribution setup is aligned. How a company acts and position themselves as an after-sales provider have an effect on the goals and objectives the company strives for. This in turn, affects the distribution of spare parts. Whether it is important to have fast shipping or focus on cost leadership, it is completely dependent on the focus of the after-sales service market. In this thesis, there has been presented two different focuses for companies in the after-sales service market; after-sales service provider and customer support service provider. As an after-sales service provider, the company's goal is then to be a cost leadership whereas for a customer support service provider the focus is on differentiating the service offering. Through a case study, performed at ASSA ABLOY ES PDS, the after-sales service focus has been mapped and compared to different distribution setups to identify a match. Not only after-sales service focus affects the suitability of a distribution network, there are also contextual factors found in each market. The distribution networks of spare parts for Belgium and the Netherlands were reviewed, and market specific contextual factors were found. These reached and addressed different parts thorough the supply chain, from the

distribution center and all the way to the technicians in the two markets. The top five most important contextual factors found were; traceability of packages, availability of spare parts, stockout information from DC, delivery reliability, and van stock levels.

Something surprising with the results of the contextual factors importance, was that the lead time factors were not among the top five. Even though, short lead time has been said to be the most important strategic choice of PDS. This might be due to the managers' high satisfaction with the current lead time while the ranking of the other contextual factors show what needs to be reviewed further. Even though the results of the ranking shows that lead time is not in the top five most important requirements, lead time needs to be seen as a necessity for the distribution networks.

The satisfaction of the distribution setup, at ASSA ABLOY ES PDS, was in average lower than the satisfaction for lead time. PDS has had a strong focus on reducing lead time and therefore the satisfaction for this has increased. However, it also shows that there is room for improvements in other areas of the distribution setup and addressing the top contextual factors could be key. The result can be used for other spare parts distributors in other industries or for companies that want to review the suitability of their distribution setup. A management tool has been developed in order to guide management and provide a clearer image of the aspects to consider when implementing a distribution setup for spare parts in an after-sales service market.

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