

The importance of not neglecting non-core processes in the automotive industry

A case study at Scania CV AB's cab production unit, investigating the low volume material flows that are continuously ongoing, parallel to the material flows to the main production line.

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With an ever-changing business landscape, organizations must engage in continuous improvement initiatives to cultivate their processes and retain their competitiveness. For a long time, order picking has been recognized as one of the most influential factors with regard to labor and cost in warehousing operations. However, at one of Scania's production units, the development of non-core picking processes has been overlooked.

At Scania Oskarshamn, there is a phenomenon referred to as external picking. External picking is defined as the process where items not intended for the main production lines are picked at one of the facilities in Oskarshamn. The recipients of these goods are other parts within Scania's organization or external business partners.

Scania believes that there is potential to improve and streamline the processes related to external picking. Thus, the company requested help to (1) investigate and map the material flow related to the external picking processes, (2) examine the involved organizations, and (3) develop suggestions for increased efficiency. Consequently, the purpose of this thesis has been to propose improvements for the process of external picking at Scania's production unit in Oskarshamn and to provide suggestions on how such changes can be implemented.

The empirical study revealed three major drawbacks of the current setup pertaining to the external picking; (1) the absence of assistive

devices is palpable and the level of digitalization is low compared to processes connected to the main production, (2) a lack of KPIs prohibits data-driven decision making, and (3) vague organizational responsibilities are a source of frustration within the involved organizations.

To address these drawbacks and realize the full potential of the external picking, a set of recommendations has been developed. These include, but are not limited to, the development of IT system support, standardized procedures for collecting data, improved communication, and the appointment of a process owner. Implementing the recommended actions would e.g. enable Scania to reduce the level of picking errors, decrease the return flow volumes, and remove process bottlenecks – resulting in overall increased process efficiency as well as reduced interference with the main production processes.

The results of this thesis reveal the importance of not neglecting non-core processes. This goes beyond the scope of Scania's external picking and applies to virtually all business areas. Furthermore, the findings regarding standardization and communication are highly relevant for all processes. Keeping this in mind, Scania can work with process development at other production units and potentially recognize previously undiscovered opportunities for improved performance. The complete study is published in the report "Material flow improvements – An investigation of the picking process at Scania" at The Faculty of Engineering – LTH, Lund University.