



“WE HAVE A VERY RIGID QUALITY PROCESS THAT WE FOLLOW HERE AND MAKE SURE THAT WE ARE GIVING OUR CUSTOMERS A GOOD PRODUCT.”
- PETER HEIT

Driving in the Fast Lane



As featured in Australia's Best Manufacturing. For more info visit media.net.au

VOLVO TRUCKS IS LEADING THE WAY IN QUALITY AND QUANTITY WHILE STEERING AN INTERNATIONAL SUPPLY CHAIN.

Volvo Truck Corporation is the second-largest producer of heavy trucks and transport solutions within the truck industry. With over 2,300 dealerships and workshops in more than 140 countries, it has a significant responsibility within the market.

Having been assembling Volvos since 1972, Volvo Trucks commenced assembling Mack Trucks in 2002, giving the company the chance to work with an extensive international supply chain. Situated in Brisbane, Volvo Trucks has a total of 412 employees who work 8.45 hours per day in a nine-day fortnight.

Volvo Trucks Operational Development Leader Peter Heit explains that the biggest problem associated with having an international supply chain is lead time. “It takes seven weeks by water to get some of the parts, so keeping the lead time as short as possible is critical. We need to work with our suppliers to try to get the material on time and when we need it.”

Quality is essential, therefore, in ensuring that the manufacturing process does not go longer than required. “If the quality is not good and we have to go back to Sweden to get the part, then it takes some time,” Peter remarks.

To guarantee a high standard is met across all of its suppliers, Volvo Trucks has a number of processes in place to make sure that products received are viable, reliable and good quality. “In regard to supplier quality performance, we monitor defects and address any issues we find as soon as possible. We also assist suppliers with tools to support them – for example, Electronic Data Interchange (EDI), which assists suppliers with our parts forecast and delivery schedule.

“We use supplier-relationship management, which is a process that incorporates monitoring performance and then

conducting regular meetings with poor-performing suppliers. After recognising these problems, we then coach them until they are back on track.”

The company also conducts general supplier meetings where it keeps the suppliers up to date with upcoming events and changes happening in the factory.

When constantly relying on overseas suppliers, it is essential that long-term relationships are upheld. For Peter, the way this happens is through communication. “It’s all about communication and working together. If they’re doing something wrong or we are, they need to let us know and we need to let them know,” he says. “By creating this kind of relationship, suppliers strive to meet our deadlines by improving their internal processes, which then creates a more streamlined supply chain. This has contributed to the overall growth and success of Volvo Trucks.”

Such growth can also be attributed to the implementation of the lean manufacturing principles, which have improved production significantly. The integrated system at Volvo Trucks means:

- less clutter at the workstations by removing excess material back to the warehouse and suppliers



- more efficient assembly process, less time spent looking for parts as the parts are always in the same position
- released tied-up capital
- freed-up space in the factory to enable new and more efficient layouts of assembly and warehouse processes.

With this kind of efficiency in place, Volvo Trucks’ capacity is 16 trucks per day in one shift. This is why the company stands apart from its competitors. “I think we have one of the best-quality trucks in the

world,” Peter claims. “We have a very rigid quality process that we follow here and make sure that we are giving our customers a good product.”

The future doesn’t look to be slowing down either. A material transporting system that allows direct supplier-to-factory transportation is in the works. Calling it the ‘Milk Run’, Volvo Trucks can pick up the parts directly and transport them straight to the warehouse. “This will not only stabilise delivery of parts by optimising logistic flows within production, ▶



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but it will also reduce lead times both internally and in transportation," Peter states.

"Using Volvo emballage secures parts that are of quality and can be delivered to us as we require them. Volvo emballage is the packaging system in place at Volvo Trucks that protects the goods and enables us to store the parts straight into the warehouse with no unpacking."

This highly efficient workplace is set to lead the company on to greater things. "Not only are we dedicated to being the best, but the staff work extremely hard in order to minimise overtime and build a truck in the right number of hours," Peter shares.

With a dedication to being the best, the company prides itself on innovation, which is a highly placed value within the company itself. Innovation has been executed in many areas of Volvo Trucks, especially in the domain of recycling. To facilitate recycling while remaining safe and of a high standard, Volvo Trucks takes into account at the design stage what is going to happen when the truck comes off the road. It does this by recycling spare parts in good condition, or more simply by thinking ahead – for example, using dyed plastic rather than painted plastic on its parts.

Volvo Trucks' longstanding dedication, innovation and commitment to relationships with customers and suppliers really sets this company apart from competition. "We are dedicated to safety, quality and care for the environment," says Peter. "These foundations have allowed us to develop as a company, building healthy relationships with customers and suppliers alike."

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*Garry A. Childs, Managing Director FIMC
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