



Shifting gears

How does a 3PL with 75 to 80 percent of its business in the automotive industry grow—significantly—during the industry’s most difficult years, and handle multiple transitions along the way? **Mary Del Ciancio** has the story.

The year 2009 was a difficult one for many companies in Canada. The country was experiencing an economic downturn, sales were slow and jobs were cut. It was the beginning of the end for many Canadian companies.

But for TFT Global, a third party logistics provider based in Tillsonburg, Ontario, it was the year business really took off.

From 2009 to 2012, TFT Global tripled its sales, quadrupled its number of facilities, and increased its employee count five fold. That’s no small feat considering this explosive growth occurred during a recession.

During this period, the company also experienced several major warehouse redesigns and expansions to deal with this growth.

How’d they do it? How did TFT grow its business, particularly when the majority of its customers were in the hard-hit automotive industry, and at the same time deal with multiple redesigns and expansions?

The company listened to its customers’ needs, ensured open communication between all parties, and deployed technology that provided complete visibility into all of its operations.

But it wasn’t easy.

The early years

When TFT launched in Tillsonburg, Ontario, in 1989, it provided quality control services to the automotive industry. And for 20 years, that was the company’s main focus—quality control.

But in 2009, everything changed.

“That’s when we started to get our legs; when we started to really have an expansive growth opportunity,” says Greg Lorch, director of sales and engineering with TFT Global.

What was the opportunity? One of its customers, CAMI Automotive, which at the time was a joint venture between General Motors and Suzuki, was looking for a new third party logistics provider. TFT had been handling its quality control needs since the late ’90s, and expanded that in 2006 to include sequencing services—ensuring parts were delivered to the plant in the proper sequence for the assembly line. The company also handled a variety of short-term storage needs for the CAMI plant.

It was at this point that TFT went from being an “indirect service provider” to being a third party logistics provider, and business took off.

A period of growth

TFT moved into CAMI’s cross-docking facility in Ingersoll, just outside of Tillsonburg, over a six-week shutdown period in 2009. At this time, with the help of Mississauga, Ontario-based Automation Associates, a warehouse automation and inventory control solutions company, TFT was able to set up its new warehouse management system (WMS)—RF Pathways.

“A number of items attracted TFT to this WMS. The WMS had a number of tools designed for a 3PL company, multiple company setups, multiple warehouse configurations and extreme flexibility,” says Lorch.

Originally, the software was designed to handle cross-docking for TFT, but as business evolved to include both warehousing and distribution services, so did the features the company required from its WMS. RF Pathways was flexible enough to accommodate the changes.

Flexibility is key, says Gordon Smith, vice-president and general manager with Automation Associates, because the system must be able to be modified to suit TFT’s—and its customers’—needs.

The move into the cross-docking facility coincided with GM’s release of the second generation of the Chevrolet Equinox. The plant also produced the GMC Terrain. It wasn’t long before demand for the vehicles grew, and the plant increased production to meet the demand, moving from one shift to three shifts within a year.

“During that time it meant that we had to expand our operations to match that second shift and third shift operation,” says Lorch, adding that this included

changes to TFT's facility layout. "Very quickly we had to expand. Very quickly we had to ensure we had the necessary resources—people—in order to do that."

More vehicles meant more product to store, and more non-finished goods being brought into the facility. As a result, TFT expanded with an additional two facilities in Ingersoll to support this growth.

Then, in 2010, General Motors took ownership of the CAMI plant, and the plant migrated from using the CAMI production materials system to the General Motors system. And for TFT, that meant connecting its WMS to the new GM system.

"One of the things that was able to help us was the fact that RF Pathways was able to adapt from using one type of system that CAMI Automotive was using, to the system that General Motors was [using]," says Lorch.

What made the situation unique, he adds, is that not only was the system new to TFT, but it was new to the employees in the CAMI facility, too. And while this transition happened, and all parties adapted to the new system, they still had to maintain the production requirements—running 24 hours a day, six days a week.

"For the first three weeks of the launch, there were many hours put in by all parties. But we were able to get through it with minimal impact to the plant," says Lorch, giving the credit to all parties—General Motors, TFT and GM's lead logistics provider—for working together to ensure the plant continued to operate.

This transition involved training, it involved support from General Motors, and it involved Automation Associates doing the necessary programming to the WMS to allow TFT to migrate to GM's system.

As demand for the vehicles continued to grow, General Motors decided to expand Equinox production to its Oshawa assembly plant in 2011. This required TFT to be able to support not only specific inventory requirements for the CAMI assembly plant, but also the inventory requirements for the Equinox in Oshawa. TFT went from supporting one plant to two, and had to modify its facility layout to accommodate the extra volume.

And then in 2012, General Motors announced it would build the Equinox in Spring Hill, Tennessee, and just like that, TFT went from supporting two plants to three. This, once again, included changes to the warehouse

layout to accommodate the extra volume.

"Due to the popularity of the vehicles and the introduction of support plants in Tennessee and Oshawa to meet North American demand, TFT Global had to constantly adjust and or physically expand our operations to accommodate," says Lorch. "This movement of material all had to happen while at the same time operating six days a week, 24 hours a day—assuring our customer no impact to their production."

And each additional plant also meant that TFT, with support from Automation Associates, had to make some changes to the WMS.

"Every time we asked Automation Associates to do that, they've been able to work with us in order to make that happen," says Lorch.

"[With] this type of implementation, communication is key," says Smith. "Let me talk to the guy from receiving, let me talk to the guy on the production floor, let me talk to the cross-docking supervisor to understand what all the needs are to tie them together. And if you don't communicate that way and put it in writing and get sign off, it's an opportunity for disaster, especially in a company this size."

Since 2012, TFT has continued to grow with additional facilities across North America to support its customers.

Today, the company has facilities in Tillsonburg, Ingersoll, Brampton, Woodstock and London, Ontario, in addition to operations in Spring Hill, and Kansas City, Missouri. While the Ingersoll facilities provide support to GM's CAMI, Spring Hill and Oshawa assembly plants, the other facilities support other customers in automotive, retail, packaging and construction.



Racking storage at a TFT facility for maximum space utilization.



TFT Global's service parts repackaging operation

Keys to success

Proper planning and support from partners was key to the success of these transitions, says Lorch, adding that ongoing communication between all parties is also essential—even after the transition. That is why TFT provides customers with visibility into what is happening inside its operations, so customers are aware of how much inventory they have on-hand.

TFT provides this information via a customer portal—a custom system it developed to provide the information its customers want to see in real time. Information is pulled from the WMS and placed in the portal.

“They can see at any point inside our operations for any of the commodities or parts that we manage—where we’re sitting as far as on-hand inventory, and where we’re sitting as far as the min-max requirements,” says Lorch. “I can provide them the history of how many times parts would hit a min, or how many times parts would hit a max. And the reason why that’s an attractive feature for them is it allows them to manage their on-hand inventory considerably better.”

The portal also includes routing schedules.

“If I have a truck that’s 10 minutes late to arrive at our door, the system identifies that, notifies our employees on the floor, and we can then make the enquiries as to why that particular truck is late. It’s an important feature because, with limited space and a 24-hour-day, six-day-a-week operation, we can’t afford to have trucks falling out of schedule.”

There are many factors leading to delays that are out of TFT’s control—border delays, weather conditions and road closures. Weather, in fact, was TFT’s biggest challenge last winter, says Lorch. That’s why contingency planning is so crucial. There may be times when the company will need to increase the amount of on-hand inventory to plan for these challenges.

“We have to be aware of that situation, and we have to react and respond the minute that particular product shows up,” says Lorch. “Theoretically there are cars going down that line every 90 seconds. If I’m five minutes late in what I do, that impacts three cars. If you sell a car for \$35,000, that’s \$100,000 in sales that the plant has just lost. Even though I’m not the creator of the problem, I have to react as if I am, and that creates a lot of pressure on the employees. That’s why the visibility, tracking, the inventory control, is such a critical aspect in keeping this plant running.”

The system also identifies if there is extra space on the truck. If it notes outbound trucks that are not full, TFT can notify the customer that there’s an opportunity to add additional freight or consolidate a shipment to reduce the amount of shipments needed overall,



which in turn reduces logistics costs considerably.

TFT scans everything that comes into its facility, so the company and its customers have complete traceability.

“Our goal around here is to be completely electronic,” says Lorch. “That allows for efficiencies [and] reduces the manpower requirements, so you don’t have data entry.”

Another technology, TFT’s quality control software, also provides visibility. It allows the company to track everything that’s been sorted and everything that’s been inspected, right down to the licence plate of what box that came out of.

An overview shot of the Ingersoll Cross Dock. TFT operates small-lot pick and pack operation, freight consolidation services, quality services, and basic warehousing services.

Words of wisdom

What advice does Lorch have for companies going through periods of transition?

“You need to communicate, communicate, communicate, because changes happen so quickly and so dynamically inside this environment,” he says. “If you’re not constantly communicating between yourself and other stakeholders, the ability for success drops dramatically.”

He also highlights the importance of listening to what the customer’s needs are.

“The more you listen to your customer and come back with solutions or ideas [for] some of their concerns, the greater opportunity for continued growth you will have,” Lorch says.

Ensuring transitions are successful is about more than making the customer happy—though that’s very important. There is something bigger at stake here.

“We want to make sure we give these plants every opportunity to succeed, because the pressure is to go elsewhere,” says Lorch. “We have to make this work if we want to continue to have automotive production in Canada or in Ontario. That’s always in the back of our minds. We can’t fail, because if we do, it’s a reason for somebody to look elsewhere, and we want to keep jobs in Canada.”

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