

Dealing with Disruption

When, not "If", the chain breaks, are you ready?

Can you be?

Processors & 3PLs

Supply Chain

Logistics Division

Route Selection

OEM Leadership

Intermodal Exchange

Chain Links

The Chain

Route Selection r



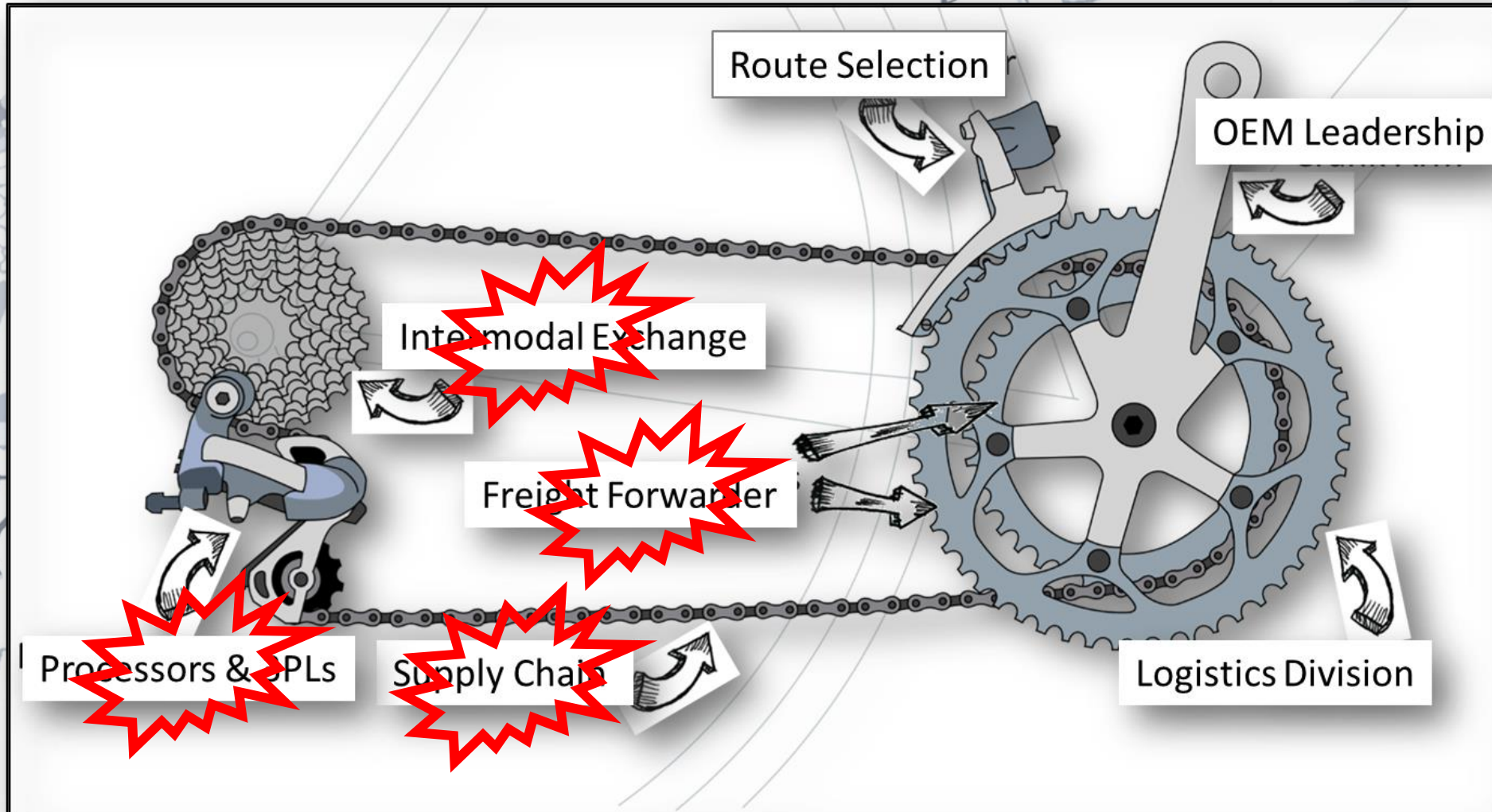
OEM Leadership



ehicle
ICS



Anatomy of a Chain Drive



Disruptions

- Unnatural (man-made)

- Cartel/Federales Confrontation
- Vandalism
- Labor Disputes
- Financial
- Documentation
- Technology
- Customs

- Political

- Border Closings
- Political Uprising
- Embargos
- Shipping Bans
- Fuel Tax Road Blocks

- Natural

- Hail
- Storm
- Earthquakes



Situational Analysis # 1 (Active Shooter)

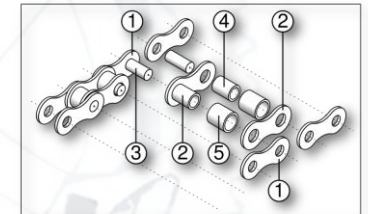
• Situation

- Critical Shipment to meet destination Country's embargo deadline.
- Cartel challenged authorities, "active shooter" incident, closing shipping lane from Plant to Port!
- If vehicles do not arrive in country by certain date, 100% duty applied!



• Response

- Negotiate with destination country pleading "**Force majeure**"
- Collaborate with 3PL Providers
 - Trucking
 - Processor
 - Port Authority
 - Vessel Carrier
 - Receiving Port Authority
 - Mexican Law Enforcement Officials



Components to repair a chain



Situational Analysis # 2 (Vandalism)

• Situation

- New Export Destination Country from Central Mexico Production facility, dramatically increasing Export volume.
- Increased volume resulting in increased exposure to vandalism
- Vandalism reached a level that impacted Corporate Sales Objectives!



• Response

- Negotiate with Rail Carriers
 - Add additional security measures
 - Additional Locks
 - Hide Keys
- Collaborate with Local and National Law Enforcement
- Make it “easy”
 - Disconnect Cables
- Route Analyzation
 - Other Rail Carriers
 - Trucking
 - Short-Sea
 - Combination

WHAT!



Sales Goals Not Achieved!
Reason; Logistics
Charles Franklin

Finished Vehicle
LOGISTICS
NORTH AMERICA 10

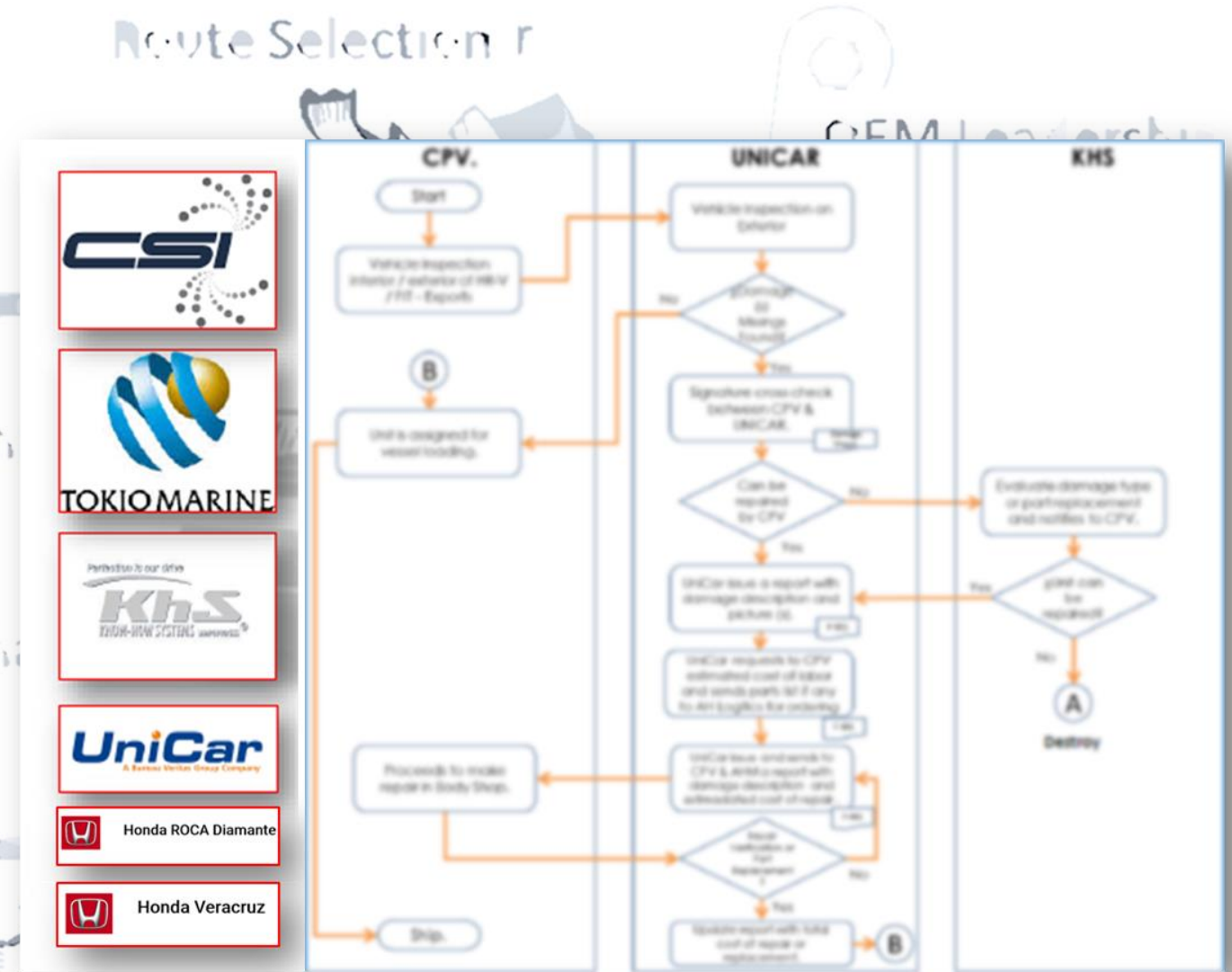
Chain repair tool

Collaboration

- Forged unlikely partnerships to create one team to support the “Elimination” of vandalism for export units in/out of Mexico.

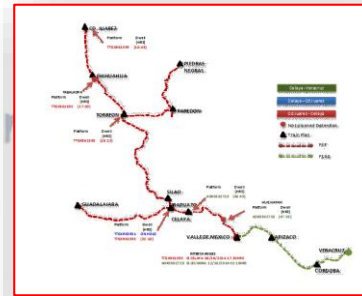
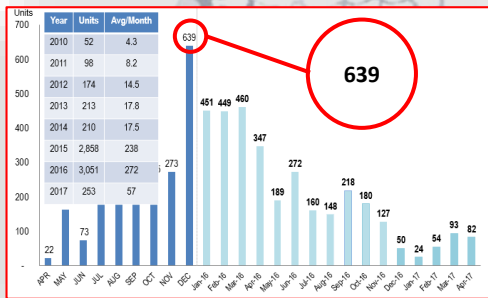
- Truck Carrier
- Port Processor
- Insurance Provider
- Surveyor
- Automotive Solutions Provider
- Local Honda Dealerships

- Developed “SOW”, if what then who, when and how



Plan, Do, Check, Act = Results

Highest Frequency In 1 Month



- Vandalism Peaked with **639 Units** in one Month! (over \$700K)
- Directly Impacted Sales
- Analyzed “**Root Cause**”
- **Partnered** with 3PL Providers
- Targeted “**Root Cause**”
- **Eliminated** the issue!

