



**Case Study:
LuK-Aftermarket Service, Inc.
A Member of the LuK Group**



**LuK-Aftermarket Service, Inc.
New Business Expansion
Cuts Distribution & Labor Costs by 20%
While Increasing Productivity by 25%**



In 2002, LuK-Aftermarket Service, Inc. based in Valley City, Ohio needed to reengineer and integrate the recently expanded 125,000 sq. ft. distribution facility. LuK serves the entire North American market from this location, with a satellite location on the west coast, distributing a full line of automotive transmission and drive-train products manufactured by their plants around the world. LuK customers include national retailers, such as Pep Boys, redistributors and repackagers. LuK's goal to increase their capacity to serve this growing customer base with new product offerings, while continuing to maintain 24-hour order turn-around time dictated the need for the building expansion in 2001. Still, the company directors needed to re-design their distribution systems within the facility to meet their goals and challenges, which included outbound staging congestion and inadequate pick-to-conveyor faces and capacity.

Received merchandise is placed directly in bulk storage. When a production run is made for kitted product, raw material is picked and staged on pallet handling conveyor. The conveyor presents the materials to the kitting line. Finished kits are transferred to flow rack and are picked to conveyor for shipment. The first phase of the system launched in 1996 and was doubled in size in June 2002.

System ROI:

Cuts picking labor expense by 20%

Labor costs associated with picking/packing orders improve bottom line and capacity

Increased kit production capacity by 25%

Ensures kit production capacity can keep pace with current and future customer needs

Reduced changeover delays by 50%

Pallet handling conveyor that feeds the packaging line reduced changeover time by 50%

Reduced operating costs

Reduced the need for picking outside of the pick-to-conveyor system and associated dependence on material handling equipment

Morale is up

Workers experience fewer process interruptions

Room to add more modules

Eliminated congested work areas

System Specs:

Reengineered: June, 2002
Shipping Average: 1,500,000 Units/year
Building: 125,000 Square Feet
Storage:

Selective Pallet Rack
 Pallet Flow Rack
 Carton Flow Rack
 Pushback Rack
 Static Shelving

Conveyor / Sorter:

Power Conveyor: 500 linear feet
 Live Roller Conveyor
 Zero-Pressure Accumulation Conveyor,
 Power-Pivot Sorter (4 lanes)
 Pallet Handling Conveyor
 Slider Bed
 Gravity Spiral Conveyor
 Mezzanine
 Software: Hy-Tek/Control Electric

Shipping & Receiving:

12 Dock Doors

Jim Mehrl, Director of Materials Management, contacted Hy-Tek Material Handling, Inc. with a challenge: to review and reengineer the entire storage and distribution system within the four walls, which would allow them to take full advantage of a new state-of-the-art RF directed warehouse management system they had selected for implementation in 2003 and to handle the project with minimum downtime.

“Our market position as the premiere distributor for high quality products and 24-hour turn-around is critical in this service sensitive market and we simply could not afford downtime during the transition,” noted Jim. “What Hy-Tek brought to the table was not only the expertise to design an effective system, but in-house installation and service crews to ensure it was installed and operated accordingly.”

The system met LuK's original goals of increased capacity and in addition: cut picking labor expense by 20%, increased production capacity by 25% by reducing changeover delays by 50%, reduced overall operating costs, improved morale and still allows for additional modules in the future. In effect, what used to take the company five days per week, to accomplish can now generally be done in four days. Operating costs have gone down as the new system has reduced the need for order picking outside of the pick-to-conveyor system, which is slow and requires the use of expensive material handling equipment. Pallet handling conveyor that feeds the packaging line eliminated the need for material handling equipment for changeovers, reducing their largest bottleneck. Morale increased as employees experienced fewer interruptions and reducing the need to retrieve product from multiple areas of the warehouse.

“Hy-Tek integrated much of our old usable equipment and completed the installation without disruption,” Mehrl continued. “The install was seamless to our customers and allows for new products and customers without a significant impact on labor costs.” Phase II of the project is expected to result in an additional 20% in labor savings and increased productivity.



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Right Now.*

Call 800/837-1217 for more information.