



Two Centers
One Mission

GSCMI
GLOBAL SUPPLY CHAIN
MANAGEMENT INITIATIVE

PURDUE
UNIVERSITY

KRANNERT SCHOOL OF MANAGEMENT

Re-Thinking Whirlpool Distribution

By DCMME/GSCMI Center GA: Saurabh Choudhury (Sonny)

Wall Street Journal recently published an article on the latest enhancements in Whirlpool's inventory management. Whirlpool's distribution earlier involved a lot more complication and cost than required which made the retailers often wait for 10 days to get an order fulfilled. The core reason for the problem was the widespread distribution system containing more than 41 obsolete sites with company's ordering and delivery division geographically separated. This resulted in complicated coordination and costly mistakes. There were 15 buildings with excess inventory and each truck driver had to spend enormous time collecting the order and inventory from different locations.

After Brian Hancock joined Whirlpool as vice president of Whirlpool's supply chain in 2005, he undertook a \$600 million program to build an advanced distribution system from scratch. The program replaced the 41 sites with 10 massive regional distribution centers with high-tech warehouse management system and upgraded vehicles that could handle variety of products. The merchandise is now located in the warehouse in quadrants and also based on popularity which makes it easier for the vehicles to pick different products for the same delivery. Moreover, the lift truck drivers can access the order through the computer system installed in their vehicles which increases efficiency immensely.

While the recession has left a portion of the new system underutilized, the company plans to rent it out until demand increases. The cost reduction that Whirlpool realized from putting this strategy in place offset the cost of extra space involved to a large extent. Whirlpool reduced its annual inventory by \$250 million and reduced the order processing time to a maximum of 72 hrs. The company is also saving \$100 million because of increase in efficiency in its supply-chain. These benefits have really come in handy to Whirlpool during these tough times. Whirlpool's logistics makeover illustrates how companies can benefit by making strategic moves during the recession, while positioning themselves for future.

For more information, you can find the complete WSJ article at:

<http://online.wsj.com/article/SB125366529324132457.html>

Is your firm taking actions like those noted in this article?

If so we would like to hear more! [Click here to share your story!](#)



Krannert School of Management – DCMME/GSCMI Centers

Krannert Building • 403 West State Street • West Lafayette, IN 47907-2056
Contact: Managing Director, Mary Pilotte • 765-494-2860