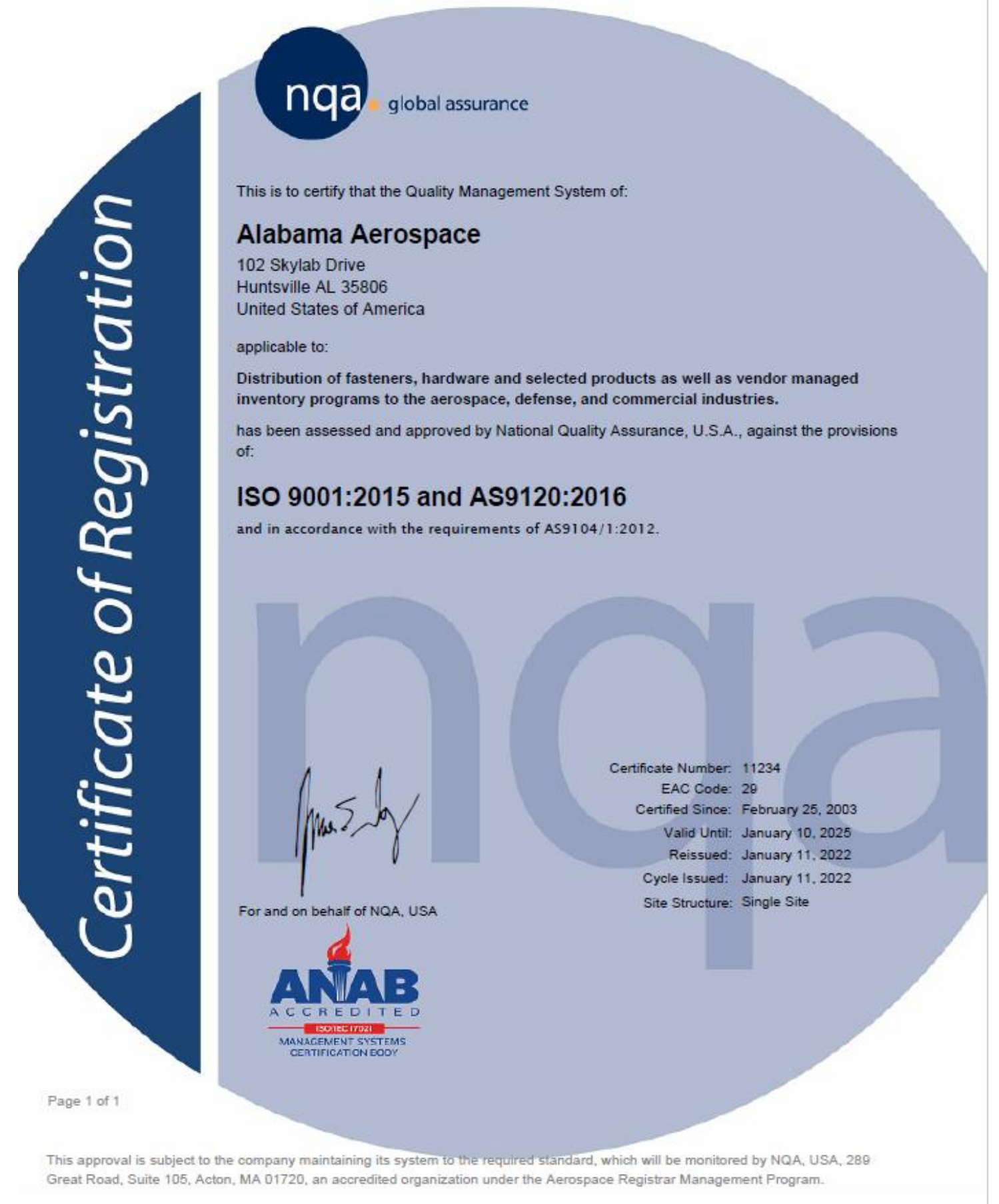


# MEXICO'S AEROSPACE NEARSHORING SUMMIT



# About Alabama Aerospace

- Established in 1995
- Located in Huntsville, AL
- ISO9001:2015 and AS9120:2016 Certified Company
- A small business and a division of the Birmingham Fastener family of companies
- Leading provider of VMI services
- Trusted provider of fully-certified American made materials

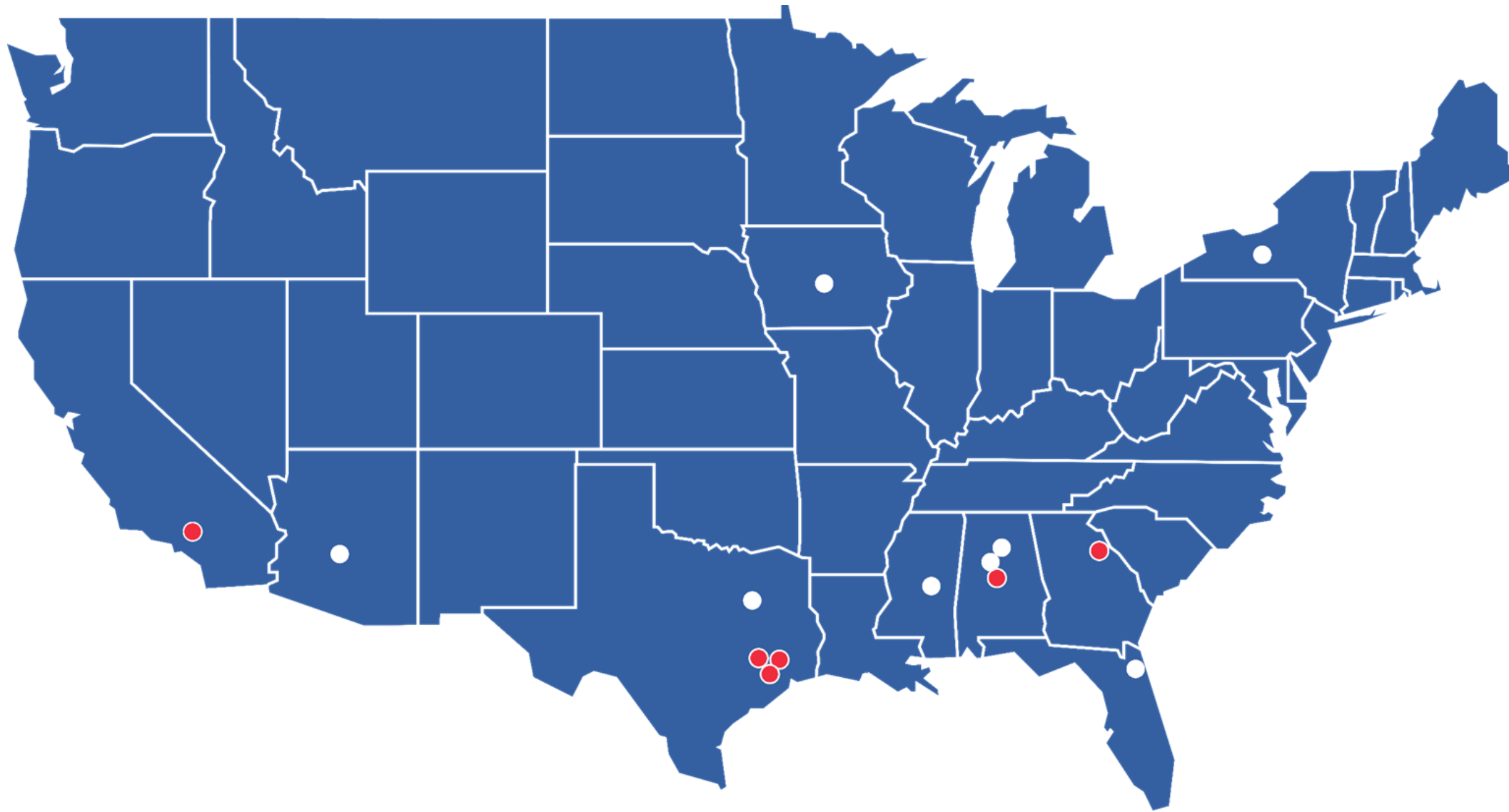






# Distribution and Manufacturing Locations

- Distribution – 500,000 square feet
- Manufacturing – 37 acres, 600,000 square feet



# Our Market Pillars

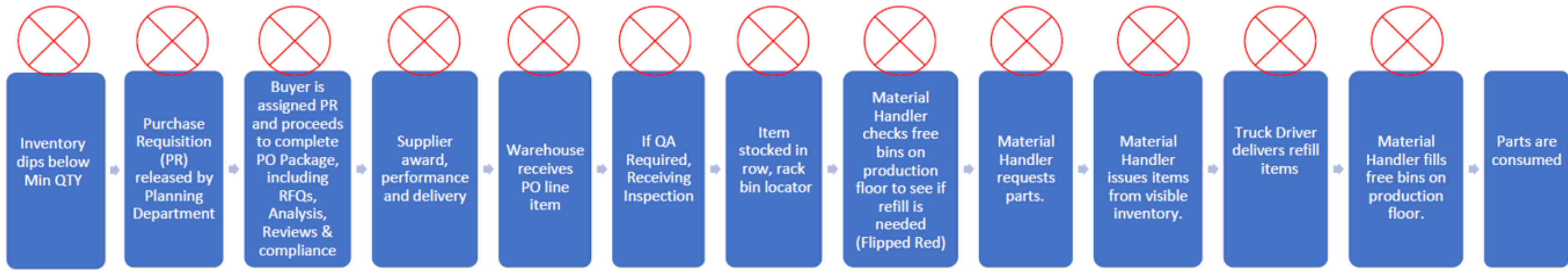
- **Aerospace**
- **Military & Defense**
- **Grounds Systems**
- **Space Exploration**
- **Satellite**
- **Shipbuilding / Military and Commercial**
- **Helicopter / Military & Commercial**
- **Missile Systems**
- **Drone / Military & Commercial**
- **Airframe**



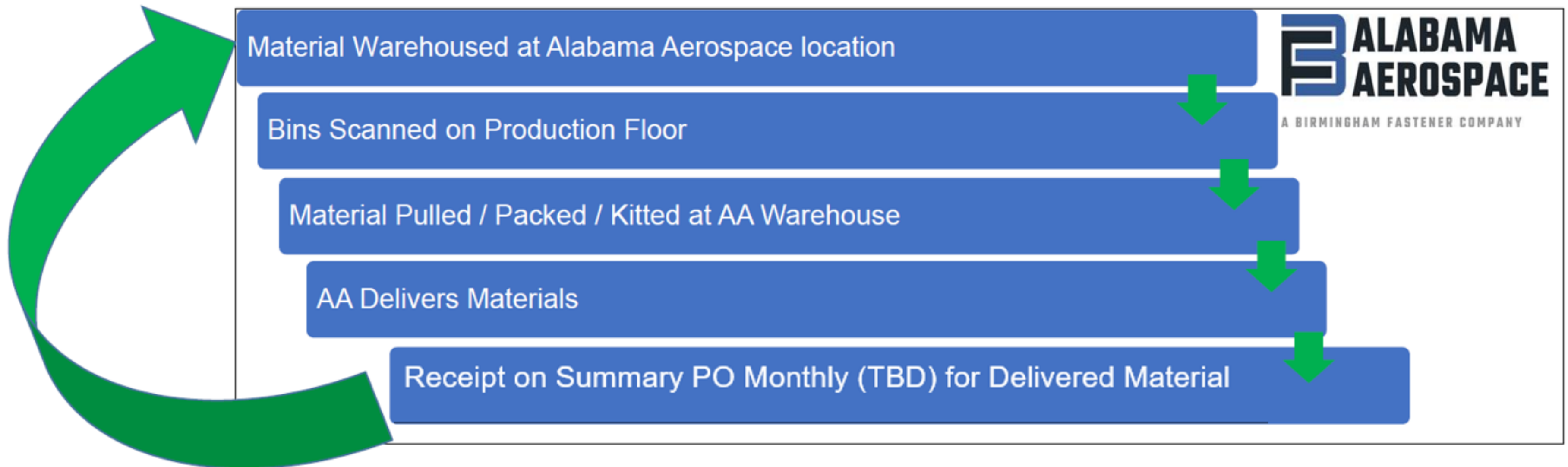
# Alabama Aerospace Key Customers

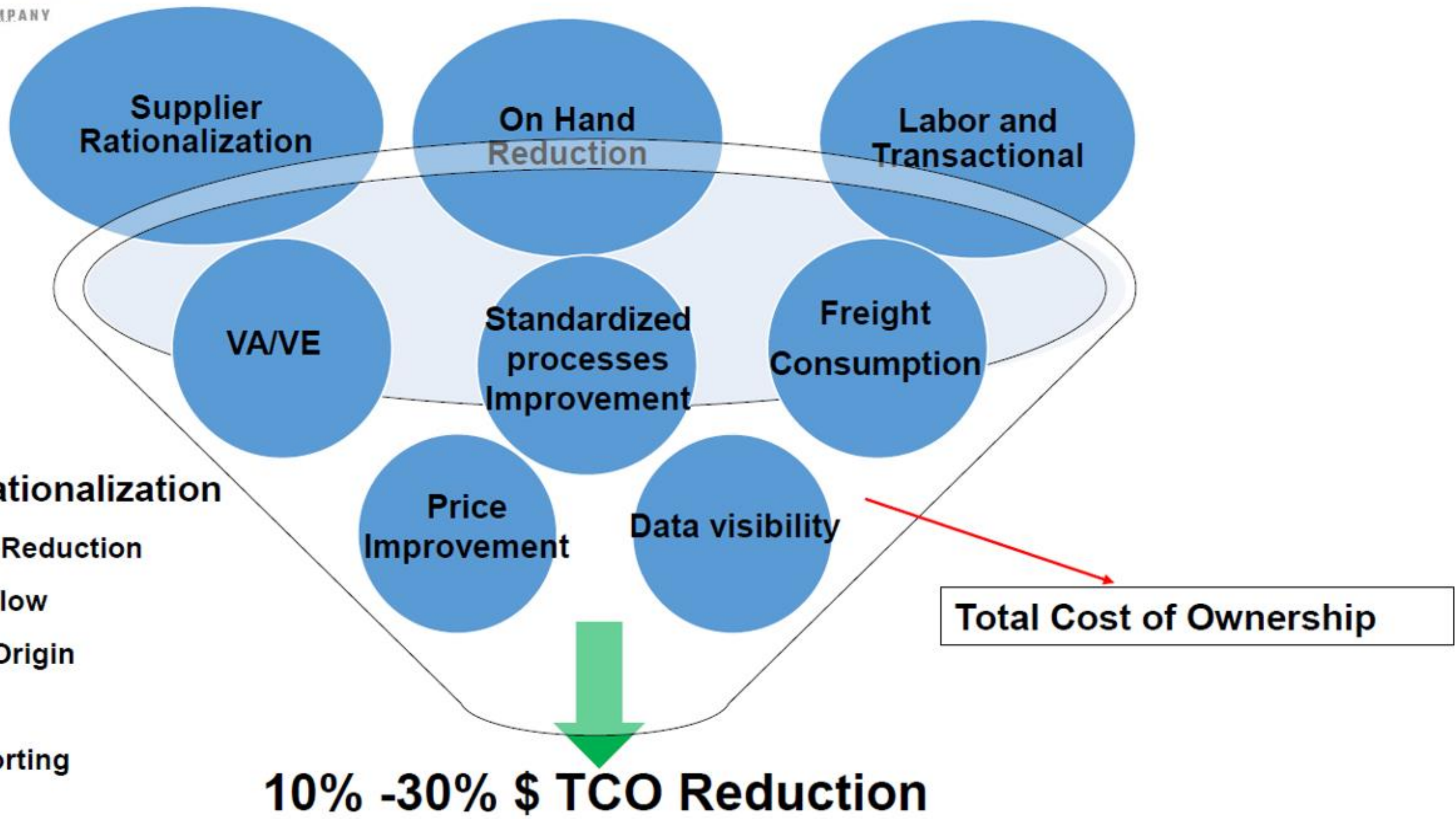
- **Aerie Aerospace**
- **Aerojet Rocketdyne**
- **Aurora Flight Sciences**
- **BAE**
- **Blue Origin**
- **Boeing**
- **Dynetics**
- **Huntington Ingalls**
- **Lockheed Martin**
- **Northop Grumman**
- **Oceaneering**
- **Orbital - ATK**
- **SES**
- **Siemens Power**
- **Sierra Nevada**
- **ST/VT Aerospace**
- **United Launch Alliance**
- **Teledyne Brown**
- **Textron TMLS & AAI**
- **Yulista**

# Current :FREE BIN PROCESS MAP



## Proposed Replenishment Process Transitioned to AA VMI





- ✓ **Supplier Rationalization**
  - ✓ On Hand Reduction
  - ✓ Material flow
  - ✓ Material Origin
  - ✓ VAVE
  - ✓ Data reporting



# Current VMI Program – Bin Stocking

- **1000+ Military Spec Hardware items and Production Consumables Managed Line Side with Bar Coding (rough total of 3600 bins between 4 main program supply locations)**
- **Biweekly Scan Replenishment based on 2 bag/single bin set up BAE**
- **Bag quantities tailored to production needs and labeled full lot traceability maintained. All certs maintained digitally & permanently, 10 years for hard copy**
- **SDQR (Supplier Delegated Quality Representative) we are audited annually and certified as extension of customer quality system allowing us to deliver directly to point of use and bypass receiving/inspection functions**
- **Monthly summary invoice provided per program only requiring 4 purchase orders to be cut instead of upwards of 100+ for each individual invoice**
- **Customer has captured a soft cost savings of \$40 per line item delivered through the elimination of receiving, inspection and additional transactions/physical movements required to get parts issued to production. They have also captured a \$300 savings from each PO avoidance that would have been issued for these parts.**

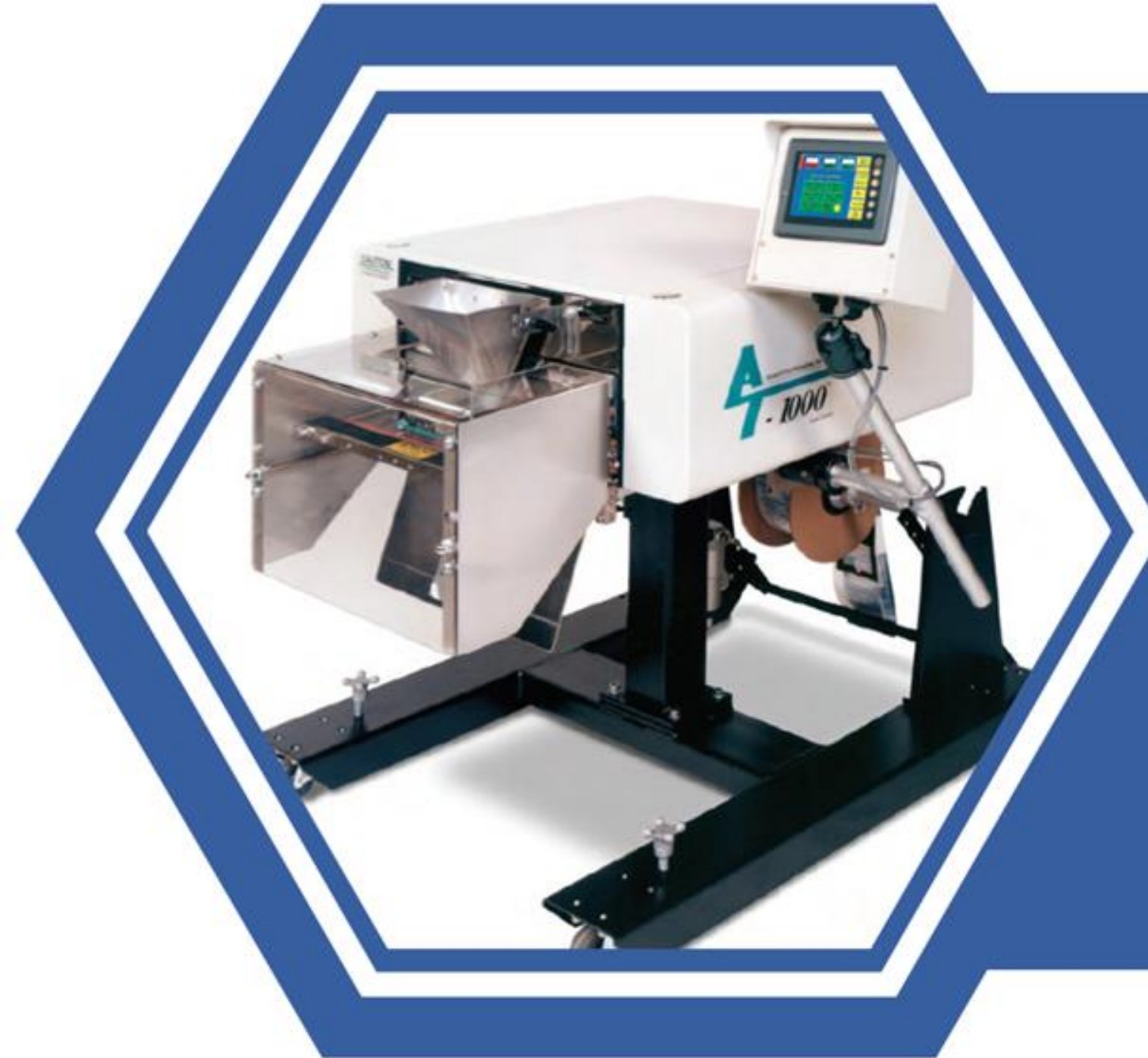
# Example of VMI Cost Savings

- Transitioned from centralized storage racking away from production / assembly areas to 7 point of use locations / 18 smaller supermarket storage areas
  - \$160,000 inventory carrying cost reduction
- Elimination of 3 Material Handlers that managed and distributed material throughout the plant
  - Process elimination Manual receiving / storage put away / pulling for point of use / inventory
  - $\$32,000 \times 2 = \$64,000$  in Labor Cost YR
- Eliminated 4 incumbent suppliers used to supply the plant
  - Supplier rationalization / Freight cost reduction --\$16,800 YR
- Point of use storage areas
  - Aligned proper material placement to coincide with assembly areas
  - Full Audit of BOM for all assembly areas

Inventory Reduction	- \$160,000
Labor	- \$64,000
Freight Reduction	- \$16,800
-----	
TCO Reduction	- \$240,800

# Key Elements for Planning a Program

- Assign Champion from each company to work together to oversee the program
- Understand the business and tailor VMI processes to support and achieve your specified goals
- Map out supply chain management plan
- Procurement/optimization of suppliers
- Review inventory management plan
- Outsourcing of non core business activities
- Kitting, if applicable, to improve production efficiencies



# VMI Implementation Schedule

## Part 1

- Assign an implementation team (Sales Finance Purchasing Logistics)
- Final list Common Inventory & Usage
- Initiate stock allocations and purchases
- Perform physical inventory
- Layout of Warehouse & Line areas
- Layout racking, biVns, bar coding, R/I, QA, stocking process
- Procedures for R/I, QA and stocking
- Loading inventory into VMI data base

## Part 2

- Review inventory levels
- Determining real usage and trends in production
- Transitioning the supply chain existing/new P.O.'s
- Transition existing supply agreements
- Complete staffing build up

## Part 3

- Preparing to expand into additional products and services.



# Data and Reporting Capabilities



- **EDI**
  - **Electronic Packing Slips**
  - **Electronic Invoicing (paperless billing)**
  - **Electronic Funds Transfer**
  - **Consolidated Billing**
  - **Barcode Scanned Movement**
- **Real-Time Reporting**
  - **Part Usage**
  - **Inventory Turns**
  - **On-Hand and On-Hand Value**
- **Customized Reporting**
  - **Trends**
  - **Sales**
  - **E&O Alerts**

Coming Soon in México  
Latest news

Thank You!

