



>> HiKOKI Power Tools' Inspiring Service Transformation from Inefficient to Optimized

HiKOKI Power Tools has a bold vision for power tool innovation, performance and cordless technology. With 10,000+ employees globally and equipment operating in 130 countries HiKOKI uses state of the art assembly technology and manufacture in Japan, Germany, China, Malaysia and other parts of the world. Their tools are manufactured to operate in the most demanding professional environments and important venues like Olympic sites and X-games events.

New Brand Identity & Commitment to Service

HiKOKI is a strong new brand identity of Koki Holdings Ltd, Japan, formerly Hitachi Power Tools. In October 2018, Koki Holdings rebranded as HiKOKI to signify their mission to manufacture high performance industrial tools. Their ambitious strategic goal is to be number 1 in its field of power tool innovation.

Ronald Hogetoorn, EPC Operational Manager for HiKOKI understands well the critical impact service has toward meeting these ambitious objectives. His role is imperative to ensure service parts availability to its customers and service centres so that HiKOKI Power Tools are operational when needed most.

“Delivering world-class service is critical to our business and brand. Optimizing a complex service supply chain can be a complicated challenge. The implications of inefficiency are unacceptable,” said Hogetoorn.

HiKOKI’s service supply chain in EMEA includes a central warehouse in The Netherlands with regional warehouses and service centers across Europe and beyond. Within these three echelons are 22 locations and a collection of over 70,000 unique part numbers with 1.6 million part-location combinations to be planned. With a supply chain that spans half way across the globe it is imperative that inventories are placed in the optimal stocking location.



Always Room for Improvement

In partnership with PTC an analysis was done that determined that over 60% of stock was considered either dead or in the wrong location. At the same time, HiKOKI conducted a market survey that revealed an experience of poor delivery of aftersales service parts by the end users. This made a complicated, two-fold challenge for Hogetoorn to solve, "We had to ask ourselves tough questions and confront our areas for improvement. We had to figure out how to bring back dead stock while simultaneously improving aftersales service parts delivery."

The market demands parts delivery within 48 hours yet supplier lead times could be closer to six months. To close this gap, it was obvious that a lot of work needed to be done to improve processes and procedures and procure a sophisticated software to augment HiKOKI's ability to proactively optimize its service parts supply chain.

Ronald's experience led him to suggest an improved scientific approach to service parts planning. The first challenge to address were the variances in stock management and different procedures in the internal organization. In some locations of the network poor decisions were being made due to materials being unavailable or their delivery being unreliable. A shotgun approach was being taken that bloated the network with the wrong inventory in the wrong locations. The team had the right motivations but were unknowingly making the situation worse!

This is like taking shots in the dark, which gives you almost no chance of hitting the target. With procedural improvements identified an evaluation of available software vendors confirmed that Servigistics was the best capable solution to solve the challenge. And it sure did solve it.

“Our organization is much healthier today. With Servigistics we make better service parts management decisions that have reduced dead stock by 65% and improved service parts availability to meet customer demand.”

Ronald Hogetoorn

EPC Operational Manager at HiKOKI Power Tools



Strides of Progress

Implementing Servigistics was a huge step forward delivering transparency, standardization in parameters and procedures and elevating the efficiency of their service parts organization.

HiKOKI key performance indicators:

- Overall reduction of inventory across the network of 34%
- Increase of inventory in the central location of 13%
- Reduced incorrect/dead stock within distribution centers by 65%
- Backorders improved from 4 months to 4 weeks
- More capable of planning for future orders
- Improved communication with suppliers
- Stock is better distributed within the network

Reducing inventory should not be the only goal of a planning organization. Aligning key business objectives with service strategies to optimize equipment availability will have a much greater overall impact, such that inventory reduction is a corollary benefit. The success at HiKOKI emphasizes that optimization isn't just about reducing inventory, but rather about placing the correct inventory in the correction location. This approach resulted in the most significant gains for HiKOKI.

"Our organization is much healthier today. With Servigistics we make better service parts management decisions that have reduced dead stock by 65% and improved service parts availability to meet customer demand."

Less total inventory better distributed within the service supply chain helps HiKOKI delight their customers and distributors alike.

Servigistics has also empowered HiKOKI's team to succeed.

"Our regional planners don't need to be experts at inventory planning. The solution is easy to use which lowers the investment required for training."

By leveraging Servigistics' Decision Support capabilities, the stock planners (2) at the central warehouse can set up policies and rules which allow Servigistics to dramatically reduce the daily workload required of the planners. They can spend their time on more value adding activities and not the minutia that can be much better optimized by the planning solution.



>> Vision for Future

What's the next improvement for HiKOKI? "Our biggest wish would be to add another level to our network and stream upward with a connection to the factory for more advanced insight, said Hogetoorn."

Sharing the supply plan with the factory would give HiKOKI's manufacturing even more advanced visibility of orders, over a longer horizon, leading to improved supplier performance and reduced lead time variability.

The success of Servigistics at the European locations will trigger expansion of the footprint so more of the organization can improve. "With such success in Europe, I'm excited about the additional benefit expanding to other regions of the company. Our organization is more capable to succeed with Servigistics," said Hogetoorn.

With a sound strategic vision for service and the most capable service parts management solution, HiKOKI is best positioned to meet their objective to be the number 1 in its field of power tool innovation and delight their customers.



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