



**KIA MOTORS**

*The Power to Surprise™*

# Kia Motors & Enterprise Planning

An Integrated solution to Sales, Stock  
Management and Ordering

Tim Smith – KIA MOTORS Sales Operations Manager

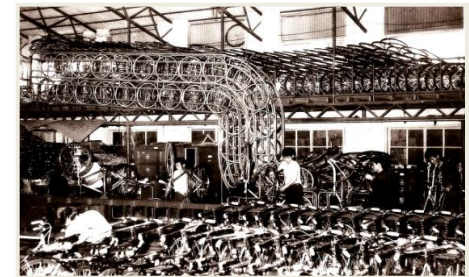
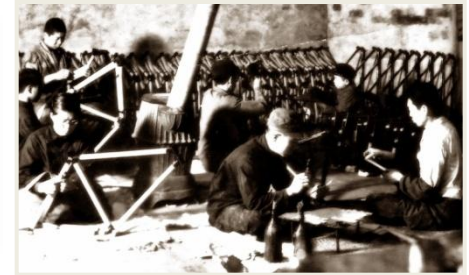
Vinh Lien – PMSquare – Senior Consultant



# History of Kia Motors - The Early Years (1940s-1970s)

Contrary to popular belief, Kia Motors is the true pioneer of the Korean automobile industry, with a resilient & entrepreneurial spirit that has enabled the company to achieve nearly every motoring “first” in Korea.

- 1944 – Company founded as Kyungsun Precision Ind. Manufacturer of steel tubing and bicycle parts by hand**
- 1951 – Korea’s first bicycle (Samcholli-ho)**
- 1961 – Korea’s first motorcycle (C-100)**
- 1962 – Korea’s first truck (K-360)**
- 1973 – Korea’s first fully integrated automobile production line (Sohari)**
- 1974 – Korea’s first passenger car (Brisa)**
- 1975 – Korea’s first auto export**



# History of Kia Motors - Modern Times (1980s-2000s)

The creation of the Hyundai-Kia Automotive Group set the foundation for Kia's emergence onto the world's automotive stage as one of the most dynamic car makers in recent years.

- 1986 – Launch of the Pride. In partnership with Ford, Kia produced several Mazda derived vehicles.**
- 1990 – Flagship Hwasung Plant completed**
- 1992 – Kia Motors America established**
- 1998 – Hyundai-Kia Automotive Group formed**
- 2002 – 5 European subsidiaries & Chinese JV formed**
- 2006 – Embarked on design management strategy**
- 2007 – Opening of Slovakia and second China plant**
- 2009 – Opening of first US plant in Georgia**



# History of Kia Motors - Modern Times

The Hyundai-Kia Automotive Group is a pillar of the Korean economy and is the world's 4<sup>th</sup> largest automaker with sales exceeding those of many major Japanese and European brands.

2009 Group Revenue: US\$40 billion

Domestic Rank (all industries): 2nd

Worldwide Employees: 117,000

Subsidiaries: 36 companies



## Global Auto Sales – 1<sup>st</sup> Half of 2009

| Rank |                     |  | Global Sales |
|------|---------------------|--|--------------|
| 1    | Toyota              |  | 3,564,105    |
| 2    | General Motors*     |  | 3,552,722    |
| 3    | Volkswagen **       |  | 3,100,300    |
| 4    | Hyundai-Kia         |  | 2,153,000    |
| 5    | Ford Motor ***      |  | 2,145,000    |
| 6    | PSA Peugeot-Citroen |  | 1,586,900    |
| 7    | Honda Motor         |  | 1,586,000    |
| 8    | Nissan Motor        |  | 1,545,976    |
| 9    | Suzuki Motor        |  | 1,152,000    |
| 10   | Renault             |  | 1,106,989    |

\*Includes Wuling; \*\*Excludes Scania; \*\*\*Wholesale only  
Sources: Automotive News, Reuters (Hyundai-Kia sales)



# Continuous Product Offensive



# Kia Motors Australia – “Before”

- January 2009 aged stock at 58% of total.
- GFC – the Elephant in the room.
- KMC needing to find homes for perceived excess production – the other Elephant in the room.
- Evolving Dealer franchise group – Fairly sophisticated
- Dealer group – “Not Happy Jan!”
- KMC supply inconsistent
- KMC supply channel “Supply Push” not “Demand Pull”

**?? What do we do ??**

# Business Imperatives

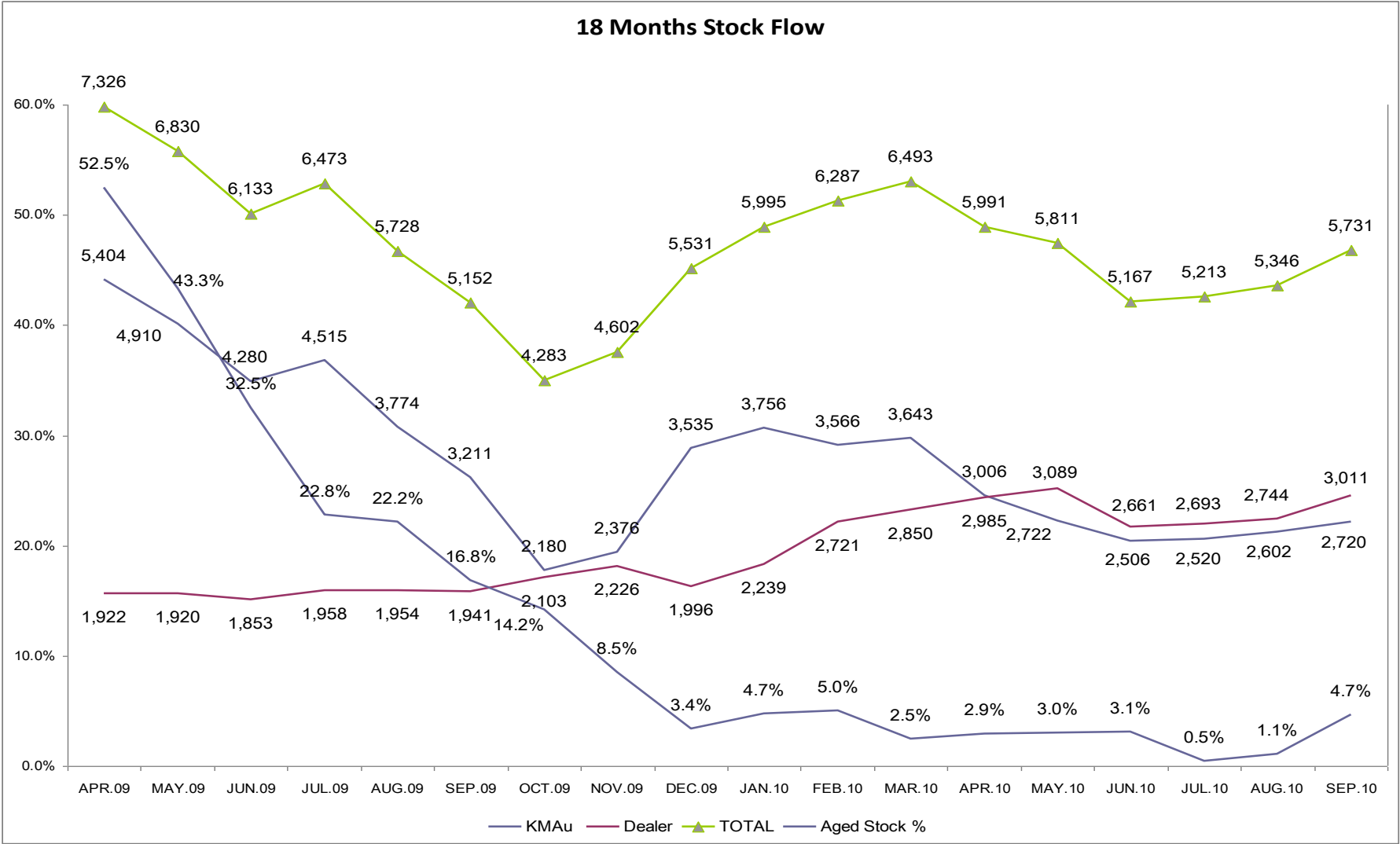
- Lower inventory costs
- Transform from reactive stock receiver to proactive orderer
- Improve supply chain efficiency to dealers
- Improve ROI
- Improve bottom line
- Improve Business Intelligence therefore improve planning ability.

# Background of Problem – A Question of Supply

- Too much supply and profitability and volume suffer
- Too little supply has the same effect.
- Supply is like a tap with a big delay.
- Distribution from warehouses
- Stock outs and over stock
- Disparity in ordering vs. market.



# Stock Flow



# Business Answers to the Problem

- Dealer Forward order
  - Forces strategic thinking
  - Forces stringent forecasting
  - Empowers dealers, makes them master of their own destiny
  - Lowers dealers stock
  - Lower's KMAu stock, Increases popular model mix
  - Increases Sales
  - Increases profitability
- Wharf side processing
- A supporting software solution

# The technical solution – Why IBM Cognos Planning and PMSquare?

- Needed a solution that could model complex scenarios
- Needed the ability to track and organise workflow of information.
- Needed a solution that was tried and tested.
- Needed software that works with SAP.
- Wanted a service provider we could work with.
- Wanted a service provider who ‘get it’ quickly.

# The Solution

- 4 Applications
  - Dealer Forecasting & Targets
  - VFOS (Vehicle Forward Order System)
  - SSRD (Sales Stock Run Down)
  - Pricing Matrix
- Dealer Forecasting and Targets
  - Rolling 18 month forecasting
  - By Model by colour by trim and transmission
- VFOS
  - Dealer ordering
  - Quota based and adjustable throughout the year.
- SSRD
  - Brings the dealer order and pool stock order together
  - Shows a detail runout from one model to the next
- Pricing Matrix
  - Calculates drive away pricing as per the ACCC's clarity in advertising
  - Gives an accurate picture on spending for shifting drive away pricing



# Kia Motors Australia – “After”

- Sales are up 28.8% year on year
- Market share is up
- KMAu has a tax problem.
- We are introducing 3 new models to the Australian market over the next 3 years.
- We have 130 dealers across Australia
- We have 8 operating destination ports.
- Total stock (KMAu and Dealer) has gone from 7,500 units in Dec 08 to 4,200 units in September 10.
- We have a SAP system.
- We have one of the only, and confirmed Kia worlds best forward order system. This is confirmed by the CIO of the Hyundai / Kia group.

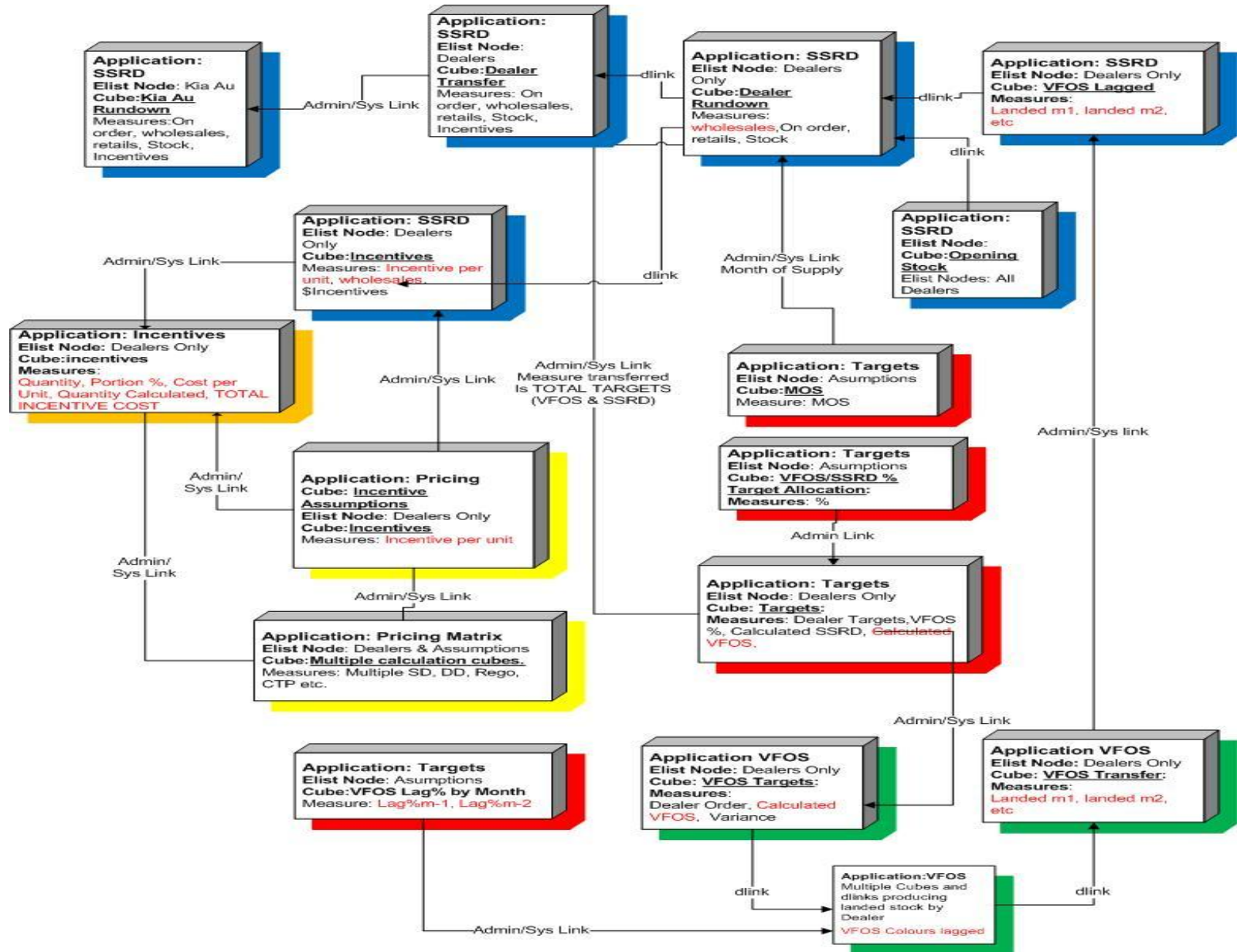
# Why Cognos Planning?

- Strength of Workflow
- Distributed Web access to Dealer Network
- Familiarity & experience with Cognos Planning and interaction with Cognos BI
- Power & ease of 'Breakback' for Trend & Seasonality sales forecasting – across multiple eList items
- NEW - Release of Cognos 10

# Challenges

- Detailed Functional Requirement gathering & ongoing refinements
- Balancing act: Functional vs Maintainability vs Performance
- Microsoft Server – Standard vs Enterprise Edition to optimise Server memory/performance
- Concurrent SAP Rollout - Resource & Time constraints, flexibility from PMSquare
- Incompatibility - latest IE8 not compatible with EP v8.4, requires upgrade to EP v8.4.1

# Design





# Solution & Benefits

- Driver-based Forecast
- Rolling Forecast
- Increased speed & accuracy
- Increased granularity & detail
- Improved accountability and ownership
- Improved Stock Control, more targeted Marketing Campaigns and Dealer Incentives

# Summary & Next Steps

- Less looking in the rear-vision mirror, more time looking forward.
- Less time planning and more time analysing.
- Real-time decision-support - Kia Australia
- Integrated Controlled Environment
- Roll-out to Dealer Network
- Kia Global leading VFOS model

Let's go for a Test Drive...

# Q & A



The End  
Thank You!



**KIA MOTORS**

*The Power to Surprise™*



[www.pmsquare.com.au](http://www.pmsquare.com.au)



# **WIN** *an Apple<sup>®</sup> iPad*

Please remember to complete your session evaluation online at the Communication Station or point your Smart Phone browser to:

[www.spss.com/goldcoast](http://www.spss.com/goldcoast)



For a chance to win an Apple<sup>®</sup> iPad

