



Cessna

e-Procurement Project

Cessna Aircraft, a \$3 billion company, is a worldwide leader in the design and manufacture of airplanes for business, industry, pleasure flying and the military. Cessna's share of the worldwide business aircraft market is over 50% and continues to expand. Cessna sells more light and midsize business jets annually than all other manufacturers combined. Its employment worldwide stands at more than 12,000.

Cessna has been a pioneer in the implementation of sophisticated business management systems. It is a wholly-owned subsidiary of Textron, Inc., a diversified manufacturing and financial services company serving markets all over the world.

Value Proposition

- Provide Cessna with supply chain management technology to advance its lean manufacturing objectives.
- Greatly reduce time spent on purchasing while providing additional ROI from eliminated manual processes.
- Overhaul the buyer/supplier communication process, making it interactive and more efficient.
- Provide necessary information to suppliers automatically on an as-needed basis.
- Improve JIT inventory processes.

Cessna E-Procurement Initiative

Cessna was a traditional, conservative culture when management announced a supply chain initiative they hoped would revolutionize purchasing processes and give them a competitive edge. Dave Oppenheim, then director of e-business, realized that electronic data interchange systems were critical for the company-to-company integration Cessna hoped to accomplish.

Cessna wanted to reduce or eliminate many purchasing-related expenses and to free up overworked buyers for more strategic tasks. To avoid upfront costs and development delays, they decided to outsource.

Recognizing that supplier acceptance is key to the success of any e-procurement system, Cessna looked for a system that was supplier-friendly and would not reduce their costs at the expense of pushing them back on suppliers. They also realized they needed a system that could accommodate all sizes of suppliers regardless of their technological capabilities.

In 1998, Cessna selected ESIS because of its large supplier base and its reputation as the largest working aerospace exchange. ESIS worked with Cessna and its 1200 suppliers to get the system up and running in less than four months.

Since the beginning, ESIS and Cessna have worked together to address Cessna's expanding procurement needs. Since the original implementation, inventory advice and shipment schedule modules have been added to fulfill Cessna's receiving requirements. When Cessna implemented Ariba Buyer in 2000, they decided to use ESIS to deliver the purchase orders to the suppliers, enabling them to conduct business the same way for both direct and indirect procurement. As part of the Ariba implementation, ESIS added the capability to create a "spontaneous supplier" for Cessna, allowing them to send "spot buy" orders for new suppliers through ESIS.

Today the Cessna division of Textron is considered a model for e-procurement and has been featured widely in technology and supply chain management journals and at national conferences.

Challenges

- Reduce and eliminate costs
- Eliminate manual systems
- Free up personnel for strategic tasks
- Integrate suppliers into business processes
- Accommodate all sizes of suppliers
- Implement rapidly

Solutions

- Implement HOM System
- Communicate with suppliers online and via EDI
- Automate purchasing processes
- Share planning schedules with suppliers
- Automate advance ship notification and invoices
- Notify suppliers of approved ship dates
- Deliver PO's for indirect purchases from Ariba Buyer

Benefits

- Fax, phone, and paper orders eliminated
- Supplier on-time delivery improved
- All suppliers accommodated
- Re-keying of data eliminated
- Orders/Change Orders, Acknowledgements automated
- Time to process PO greatly reduced
- Purchasing personnel freed up for more strategic assignments
- Purchasing personnel numbers remained flat while company production increased by 250%