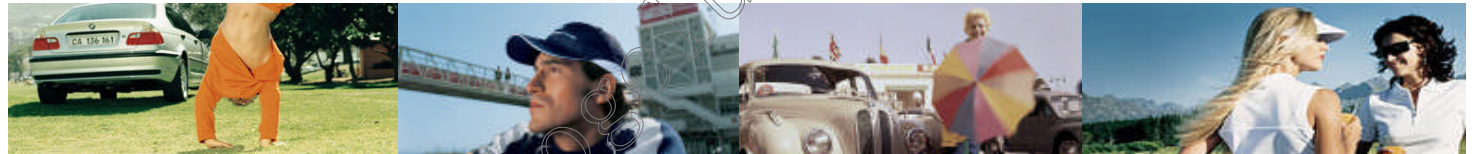




SCHENKER
Stinnes Logistics



Lifestyle Logistics

A global logistics project for the BMW Group

Markus Pütz / Daniela Kerkhoff
Essen, October 25th 2002



Content List

- **Outline of the project**
- Further details of the project
 - Purchasing logistics
 - Warehousing and value added services
 - Distribution
 - Financial services
 - Reporting
- Management functions and interfaces
- RFQ data material
- Time frame and next steps
- Success stories / further details



Outline of the Project

BMW investigates to outsource the logistics of lifestyle products which are divided into the following groups:



BMW Fashion

Hochwertige Verarbeitung & Feinste Materialien
Shirts | Outside und Outdoor | Casual und Sportive | Business
Krawatten | Seidentücher



Accessoires von BMW

Das gewisse Extra
Lederwaren | Uhren | Brillen | Metall, Silber... | Reise



Kid's Connection

Für den Nachwuchs das Beste
Textilien | Spielen | Fahren | Accessoires



Free Spirits

Eine Welt grenzenloser Mobilität
Bikes | Zubehör | Snowboards | Streetcarve
Bikebekleidung | Werkzeuge und Sicherheit



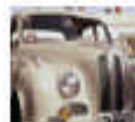
Miniaturen

Da schlagen Sammlerherzen höher
7er, 5er und 3er | X und Z | Formel 1 | Motorräder
Spielzeug und Zubehör | Historische Miniaturen



F1 & Motorsport

It's a fast world
Ralf Schumacher | Juan Pablo Montoya | Kids | Shirts | Jacken | Taschen
Caps | Fun und Freizeit | Nützliches | Pins, Pens und Schlüsselanhänger



Mobile Tradition

Für den Liebhaber der "Alten Moderne"
Miniaturen | Uhren | Textilien | Leder und Tools | Bücher und CDs
Kunstdrucke | 2002 Textilien | 2002 Accessoires
2002 Bücher, CDs, Drucke | 2002 Miniaturen



Outline of the Project

From the logistical point of view a differentiation between products should be made which is based on similarities concerning the handling of the goods, their size, value, etc.

Examples:

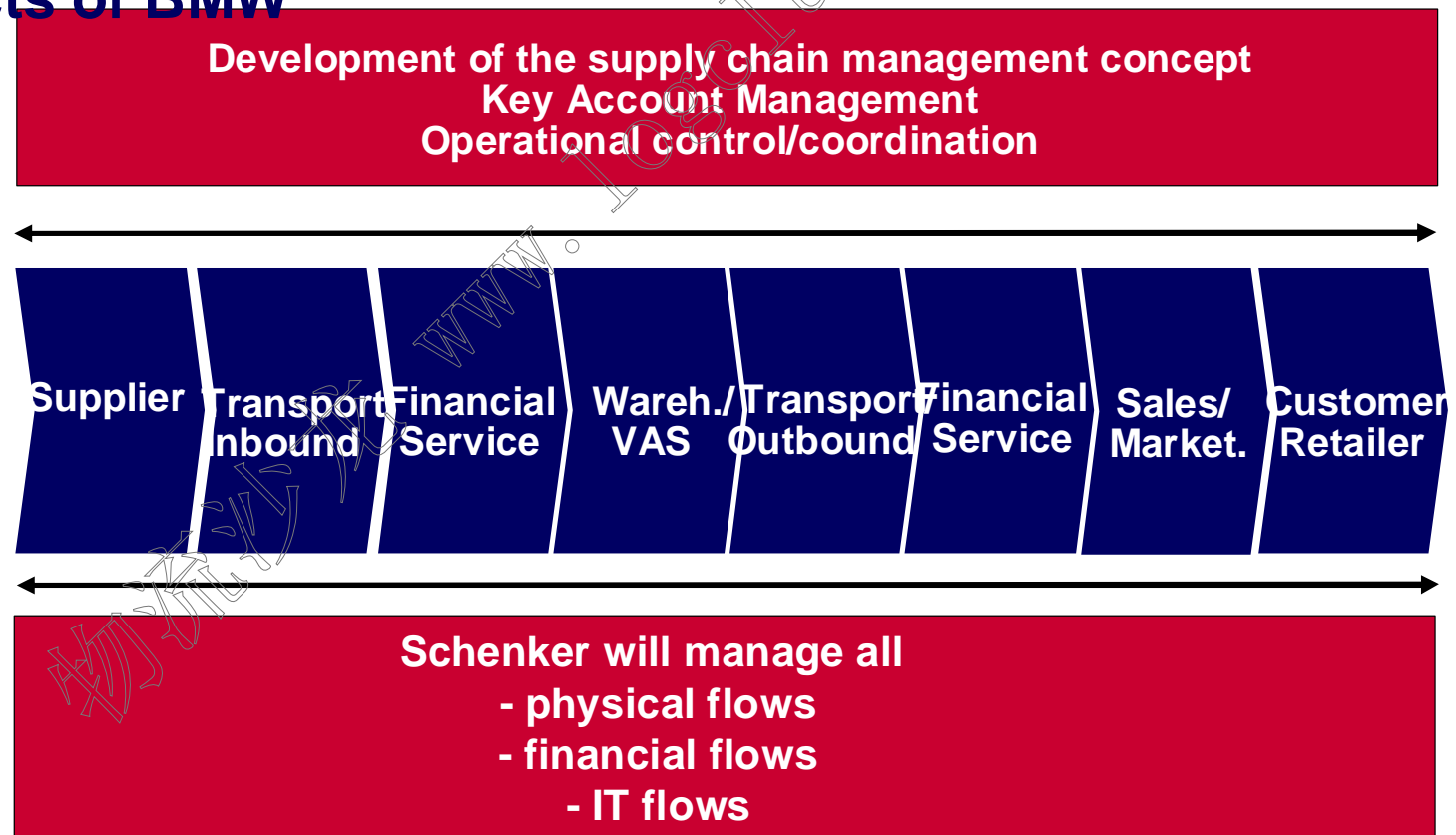
- Hanging garments and clothes
- Suite cases and leather goods, such as bags, wallets and
- Sporting articles, such as kick boards and bikes
- Kid cars
- Watches, eye glasses, cuff links, key rings, etc.





Outline of the Project

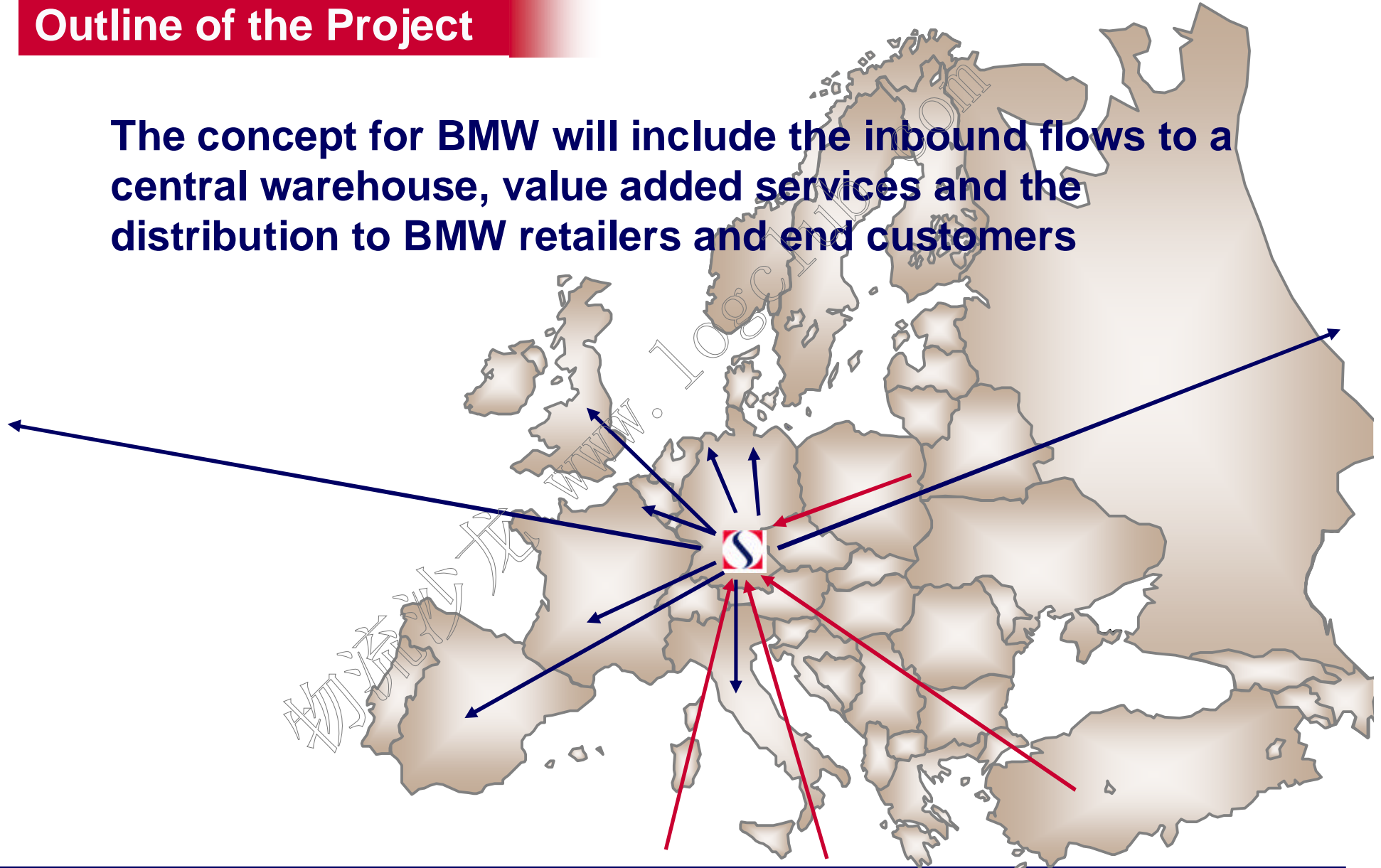
Schenker's logistics concept will be based on a total supply chain management concept for the lifestyle products of BMW





Outline of the Project

The concept for BMW will include the inbound flows to a central warehouse, value added services and the distribution to BMW retailers and end customers





Content List

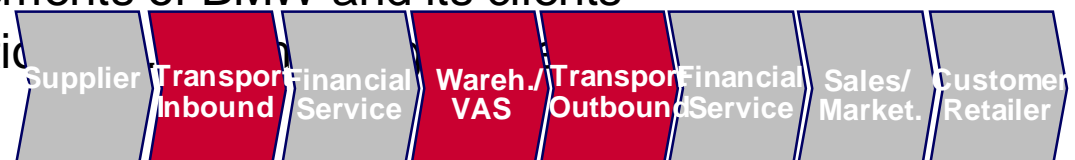
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Further Details of the Project - Overview

Total supply chain outsourcing of lifestyle products

- Global purchasing of goods requires global purchasing logistics with
 - pro-active supplier status control
 - quantity and quality checks
 - payment release of supplier's invoice to BMW's account payable dep.
- Central Warehouse for Europe for all kind of goods and markets including
 - storage, inventory management
 - pick + pack
 - dispatch of goods
- Pan-European distribution logistics according to the
 - lead time requirements of BMW and its clients
 - good's specificatio





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Purchasing Logistics

Total control of inbound flows secures reliable services for BMW's clients

- Automatic order system for goods being / becoming short in stock
 - based on BMW's agreement with suppliers (e.g. lot sizes)
 - freight cost optimized (freight costs and speed vs. interest costs)
- Constant and pro-active status control of ordered goods
- Information to shipping Schenker terminal for in-time freight space booking with carriers
- Local agreement concerning pick-up details, such as timing, real volumes, packagings, documentation, etc.
- Immediate information to BMW in case of incidents; e.g. for
 - delayed good's release at supplier
 - delay in transport, etc.
- Pick-up of goods at supplier and transport to Central Warehouse
- Import customs clearance at Central Warehouse
- Transfer of goods to warehouse operations





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Warehousing

More than just storage

- Quantity and quality checks based on BMW's requirements
- Check of supplier's invoice
- Inbound report to BMW and the supplier after quantity and quality check for payment release towards the supplier *
- Put goods into stock
 - physically
 - data wise
- Refining services
- Repackaging, if needed
- Constant inventory control including reporting of stock to BMW
- Pick + pack of ordered goods
- Central warehouse location with link to air, sea, land and parcel operations

* by BMW or Schenker/Citibank depending on selected alternative

Wareh./
VAS



Warehousing - Details I

Full service approach

- Quantity and visible damage checks for each shipment
- Proposal for quality checks (depends on quantities and packaging lots)
 - sporting articles => every item
 - clothes => 1 item per every 2nd carton
 - kid cars => every 5th item
 - suite cases => every 20th item
 - watches => every item
 - cuff links, tie holder, key rings, etc. => every 100th item
- Check of suppliers invoice and following inbound report to BMW regarding
 - quantity / damages
 - quality check within 24h after arrival of goods
- Transfer of goods to warehouse operations and data entry into warehouse system at the same day of arrival



Warehousing - Details II

Full service approach

- Refining services, such as
 - ironing of hanging garments
 - finishing / assembly activities (e.g. for bikes)
 - labeling with sales tags
 - re-packaging
- Constant, daily inventory control including reporting of stock level for all items to BMW
- Pick + pack of ordered goods
- Production of invoice
- Commissioning of special order, e.g. for F1 events
 - event packages
 - customizing of Lifestyle products
- Same day dispatch of goods according to lead time requirements and good's needs

Wareh./
VAS



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Distribution

Reliable services towards BMW's customers

- Daily distribution to all markets
- Transportation according to lead times
 - chosen by customers
 - defined by BMW's service requirements
- Transportation according to good's requirements, i.e.
 - parcel
 - high value package
 - hanging garments
 - groupage
 - express
- Special transports, e.g. for events

=> Usage of dense Schenker transportation network where possible
partnership with other transport companies where necessary !

Transport
Outbound



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Financial Services

Payments handled by the logistics partner

Alternative 1: Payment control completely by BMW (BMW is owner of the goods and manages financial flows)

- Invoice data with BMW (supplier/customer)
- Payment status control of shipped goods
- Payment reminders process with BMW

Alternative 2: Payment control by Schenker in cooperation with finance partner

(Off-balance sheet financing)

- Invoice checked by Schenker
- Invoice forwarded to bank
- Payment status control of shipped goods by bank
- Payment reminders process with bank
- Financial risk with bank

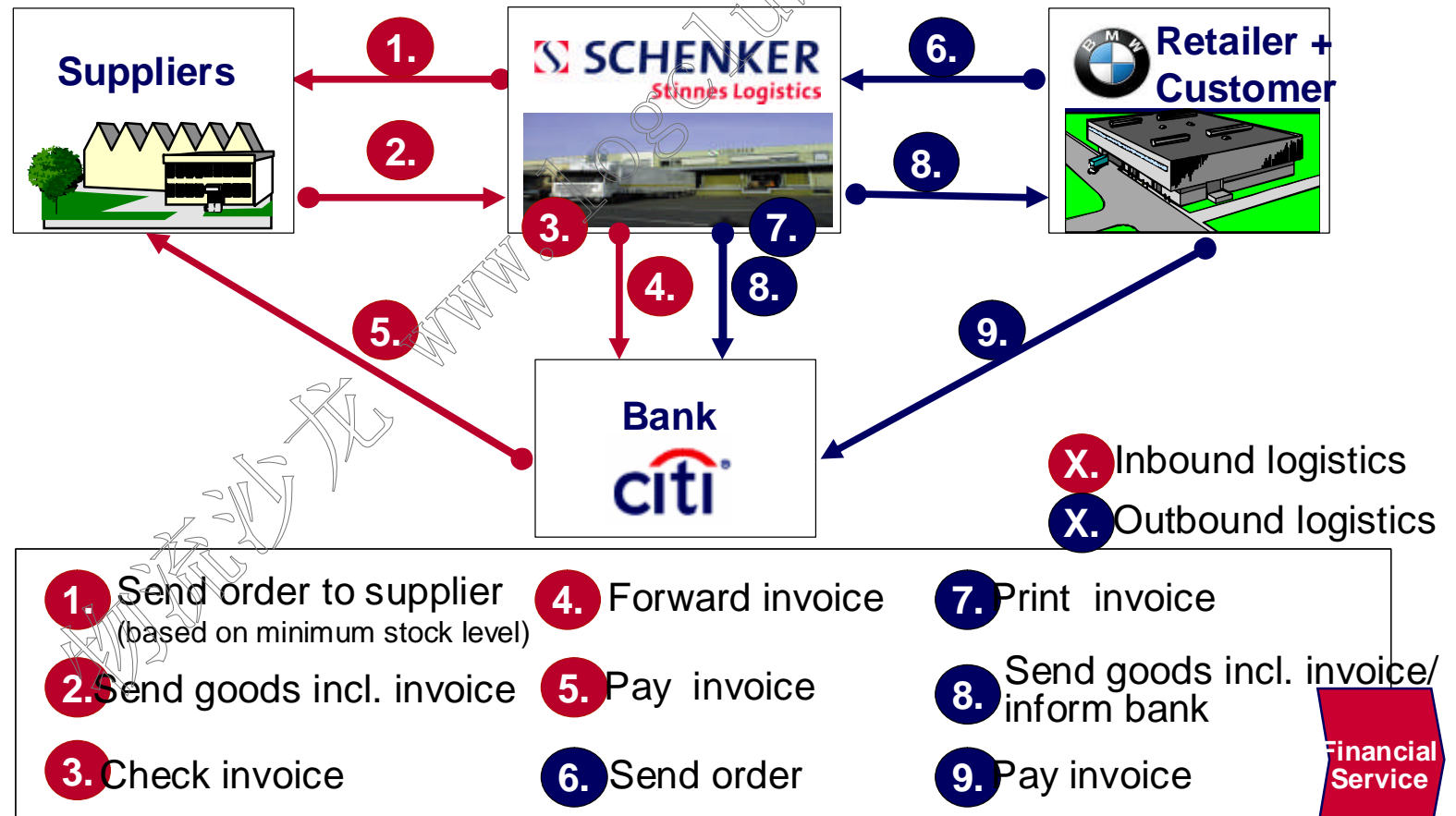
(but back to back guarantee agreement with BMW)





Financial Service

Alternative 2: Schenker - in cooperation with Citibank - organizes all financial flows



Financial Service