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consulting

Lean Procurement and Supply Chain Management Consulting

The Experts on Procurement and Supply Chain Management

MBtech

Mercedes-Benz technology 



Global supply chain in focus

MBtech Consulting advises companies that would like to structure and improve their global process landscape and system topography across the entire automotive supply chain. In this process we consistently follow “lean enterprise” principles to achieve a lean organization, supporting our clients along the way. At the same time our integrated approach goes far beyond mere optimization of production along the lines of lean manufacturing.

In Procurement & Supply Chain Management we consider the concept “lean” to comprise four essential aspects:

- The highest satisfaction rates recorded by internal and external procurement and logistics clients are the indicators cost, quality, and time
- Worldwide procurement from the best suppliers at the best prices—we include in this the areas of development, logistics, quality, and supply in order to achieve sustainable optimal production costs
- An integrated supplier management network from the perspectives of time, costs, and quality – a transparent and stringent liaison with suppliers is essential
- Lean supply chains from tier N to the client—with low inventory levels yet high supply flexibility and pull management

Our competence in Lean Procurement & Supply Chain Management extends over four topic areas:

- Procurement and Material Cost Management
- Supplier Management
- Supply Chain Management
- Emerging Markets Support

MBtech Consulting is located in

- ▀ Sindelfingen (Germany)
- ▀ Detroit (USA) and
- ▀ Shanghai (China).

Competent, team-focused, and pragmatic – using local consultants, we assist companies with global projects concerning Lean Procurement & Supply Chain Management.





Procurement and Material Cost Management

Nowadays gradual globalization and increasing cost pressure constantly present companies in the automotive industry with fresh challenges. It is only with effective global procurement processes and a tailor made procurement organization that they are able to organize their procurement efficiently and effectively, and thus remain competitive.

We assist our clients in the design and implementation of best-in-class procurement processes and procurement organizations. In our experience, lean procurement processes are essential to fast and flexible procurement organization. Based on structured global commodity management, standard procurement processes (e.g. selection of suppliers) and special processes (e.g. integrated risk management) are introduced in a consistent and logical way.

In addition we help our clients to optimize their production costs across the entire product life cycle – from the strategy and design phase through the series phase to post-series supply. We develop, jointly with the supplier, indicators for integrated and sustainable cost of production optimization in crossfunctional teams with staff from development, procurement, logistics, quality, production. Based on a total cost of ownership approach, we examine how production costs can be optimized – without losing sight of quality and product functionality in the process. At the same time we draw on the broad technical competence of the MBtech Group which provides perfect back-up to our consulting expertise.

Project case study:

Optimization of production costs at an automotive manufacturer

Assisted by MBtech Consulting in this project a cross-functional team analyzed selected vehicle modules (e.g. headliner) from production and process perspectives. On the basis of a product benchmark, the team identified a potential for optimization both in the product (e.g. by evaluating existing module functions from the perspective of the customer, derived from a target function profile) and also in its processes (e.g. by benchmarking the assembly processes). In the context of the project – independent of the vehicle module in question – a sustainable reduction in production costs was achieved.

Supplier Management

The increasing complexity of supplier relationships across the automotive supply chain requires sophisticated and integrated supplier management that detects and solves critical delivery situations at an early stage.

For us supplier development is built on and underpinned by onsite analysis, identifying possible production and process problems with the supplier, and solving them with the supplier as part of a team. In addition to short-term assistance along the lines of reactive supplier development we also advise our clients on proactive supplier development with the objective of becoming “fit for supply” when the time is right. This calls for a fair amount of technical expertise. With increasing globalization of the supplier base an increasing emphasis is placed on intercultural competence. Our global positioning with the maxim “Act globally – think locally” is therefore an important success factor. Along with advice on implementation, we employ a stringent maturity management model to achieve transparency with regard to possible weak points in collaboration



with the supplier, and we attempt to detect and eliminate them at an early stage.

Integrated supplier management is however far more than supplier development. We use it to structure and implement, jointly with our clients, the organization and processes necessary for effective supplier management with the objective of “one face to the supplier”. This also includes extensive development of the supplier base. We assist our clients for example with structured selection and supplier assessment.

Project case study: Proactive supplier development at an automotive supplier

In an emerging market MBtech Consulting advised an automotive supplier on integrated development. After conducting an audit to identify weak points in production and processes, we agreed, jointly with the supplier, on production, procurement, quality, and logistics procedures. We tracked their implementation using a stringent performance measurement in the form of control loops. This project guaranteed that goods would be delivered by the target date.

We also advise on the structuring and implementation of supplier risk management to identify critical suppliers at an early stage. Our consulting practice employs a wide range of supplier management methods.



Supply Chain Management

Global supply chains present automotive manufacturers and transportation firms with the challenge of achieving set deadlines and quality and cost targets within a complex environment. These objectives then lead to demands for a lean supply chain transparency, agility, and flexibility. These demands can be met within the framework of a global supply chain management approach.

Using a comprehensive supply chain management toolbox we structure and optimize processes in inbound, in-plant, and outbound logistics according to lean principles. In doing so we keep sight of the overriding logistics strategy that we have determined jointly with our clients.

In inbound logistics we advise for example on design and optimization of global supply chains across several tier levels. After visualization of the existing supply chain and identification of possible weak points, a target supply chain is developed in teamwork with the supplier which is then evalu-

ated both quantitatively (benchmarking the transport conditions) and qualitatively. Subsequent implementation is ensured by consistent adherence to the documented procedures.

In in-plant logistics we structure jointly with our clients best-in-class logistics systems at a production site. Examination of the integrated supply chain in the process usually necessitates looking beyond factory boundaries to the supplier. Structuring of “lean” in-plant logistics starts with “the place of added value” (e.g. from assembly site on the assembly line) using a value stream mapping methodology.

In outbound and spare part logistics we optimize distribution logistics through to the end customer jointly with our clients.

Overall order processing – from program and capacity planning to product delivery to the end customer – is also part of our integrated supply chain management approach.

Project case study

Global supply chain optimization for an automotive manufacturer's vehicle module up to tier level 2

In this project a team of representatives from an automotive manufacturer, the tier 1 supplier and MBtech Consulting optimized the supply chain for a vehicle module. The European site of the tier 1 supplier who received supplies from many tier 2 suppliers in the European and Asian region, was delivering to a manufacturing site in the NAFTA region. By eliminating intermediary steps, optimizing the global transport route, and changing the mode of transportation, this project was able to considerably reduce logistics costs per vehicle module.

Emerging Markets Support

Increasingly, automotive manufacturers and suppliers are concentrating on procurement, market development, and production of parts, components, and also modules in emerging markets.

We advise companies on the selection of suitable strategies for offshoring and nearshoring approaches, procurement, and product localization in emerging markets. Starting with corporate strategy and discussion of the company's core competencies, we appraise make-or-buy scenarios in the global context jointly with our clients. Next step we assist in the selection of suitable markets, regions, and suppliers for production material and services. This is achieved by employing an experience-based toolbox to implement globalization projects. These contain tools designed for local content and intellectual property management, on supplier selection and supplier development, and for global management of supply chains.



Project case study:

Local content management at an automotive manufacturer in China

MBtech Consulting advised an automotive manufacturer on local content management from strategy definition to implementing the localization of components. Together with our client we optimized the proportion of local suppliers country compared to the import of manufactured products (local content mix) to achieve local content objectives. Questions such as clarification of the protection of

intellectual property and the industrialization of suppliers were resolved in the strategy phase of the project. In the implementation phase the focus was on the management of the localization process with optimization of supplier selection, the supply chain, and the development of suppliers. The consulting approach of MBtech Consulting enabled the complex process of localization to be broken into manageable substeps, and the results to be quantified for the clients.

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MBtech Consulting GmbH is a company of the MBtech Group within the Daimler Group.

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