

Public Private Partnership Project



Development and Implementation of a Self-Contained Production System for the Automotive Supplier Industry in Thailand

Executive Summary

Public Private Partnership (PPP) Projects are **funding programs** of the German Federal Ministry for Economic Cooperation and Development (BMZ) that seek to encourage entrepreneurial commitment of German companies abroad and help them to internationalize their business. It supports special projects that aim to have an overall benefit not only for the private partner company itself, but also for the respective host country in which it will be engaged in.

This is why LMC Lean Manufacturing Consulting GmbH with its office in Thailand has decided to participate in this program with an own project in manufacturing which is approved by the DEG – the German governmental funding organization . The **major aim** here is to develop a specific self-contained production system for the Thai automotive industry. This comprises the introduction of certain production standards as well as the optimization and streamlining of processes through the application of lean manufacturing methods.

These measures will enable automotive manufacturers to achieve considerable **improvements in production** in terms of quality and quantity. Moreover, by using the new production system, automotive manufacturers will be in the position not only to realize cost savings but also to meet the requirements of different international automobile manufacturers. Thus, this LMC PPP project will **foster the capability of the Thai automotive supplier industry** in dealing with the increased competition in the world market. It will contribute to a sustainable and long-term improvement of the automotive sector and eventually enforce Thailand's position in the export markets and as a global sourcing base.

The project consists of **2 major steps**. Firstly, a specific production system for the automotive supplier industry in Thailand will be developed. For this purpose the company AAPICO Hitech, an automotive supplier based in Ayutthaya, Thailand, was selected as a role model and pilot company for which LMC Consultants and Experts will first implement the production system. In the second step the system will then be transferred to up to 10 other Thai car suppliers in order to guarantee a broad and long-term effect of the project.

Concurrent to these 2 steps, the project will also focus on the **education** of employees and students in the field of lean manufacturing. In cooperation with Thai University professors and lecturers, LMC experts will contribute to provide a practical-oriented teaching in engineering. This transfer of existing and newly gained knowledge and know-how and the corresponding creation of human capital may then create a positive stimulation for the development of the Thai automotive sector.

Facts and Figures

Public Private Partnership Program

Overall Goal:

Development and Implementation of a Self-contained Production System for the Automotive Supplier Industry in Thailand

Aims and Benefits:

General

- Sustainable long-term improvement of automotive industry sector in Thailand
- Ensure Thailand's position in the export market and as global sourcing base
- Building of human capital through education in the field of lean manufacturing

Automotive Supplier

- Introduction of a modern, effective and lean production system
- Setting up of manufacturing standards
- Product quality enhancement
- Improvement of competitiveness
- Increased production flexibility

Educational Institutions

- Benefit from the practical know-how of experts in lean manufacturing
- Widen the academic portfolio through additional courses and lectures
- Support in the introduction of a new field of studies in lean manufacturing

Duration of Project and Trainings:

Total of 18 months

Start date : May/June 2004

End date : approx. November 2005

Partners and Participants:

Funding Institution:



DEG (Deutsche Investitions- und Entwicklungsgesellschaft)

German Governmental Organization for long-term project and company financing, foreign investment and development, on behalf of the German Federal Ministry for Economic Cooperation and Development

General Project Organization, Development and Implementation of the Production System:



LMC Lean Manufacturing Consulting GmbH, Thailand Office

Subsidiary of Mercedes-Benz technology Group (MBtech) - a company of DaimlerChrysler AG, Experts for consulting, planning and engineering services in all automobile production areas

Target Group:

- Automotive Suppliers in Thailand
- Number of participating companies is limited
- 1 Thai automotive supplier serves as pilot company and future role model for the development and introduction of the production system (AAPICO Hitech)
- 10 further suppliers are to participate and benefit from a knowledge transfer in lean manufacturing management

Additional Partners:

- Universities
- Various Educational Institutions
- Governmental associations
- Non-governmental Institutions

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