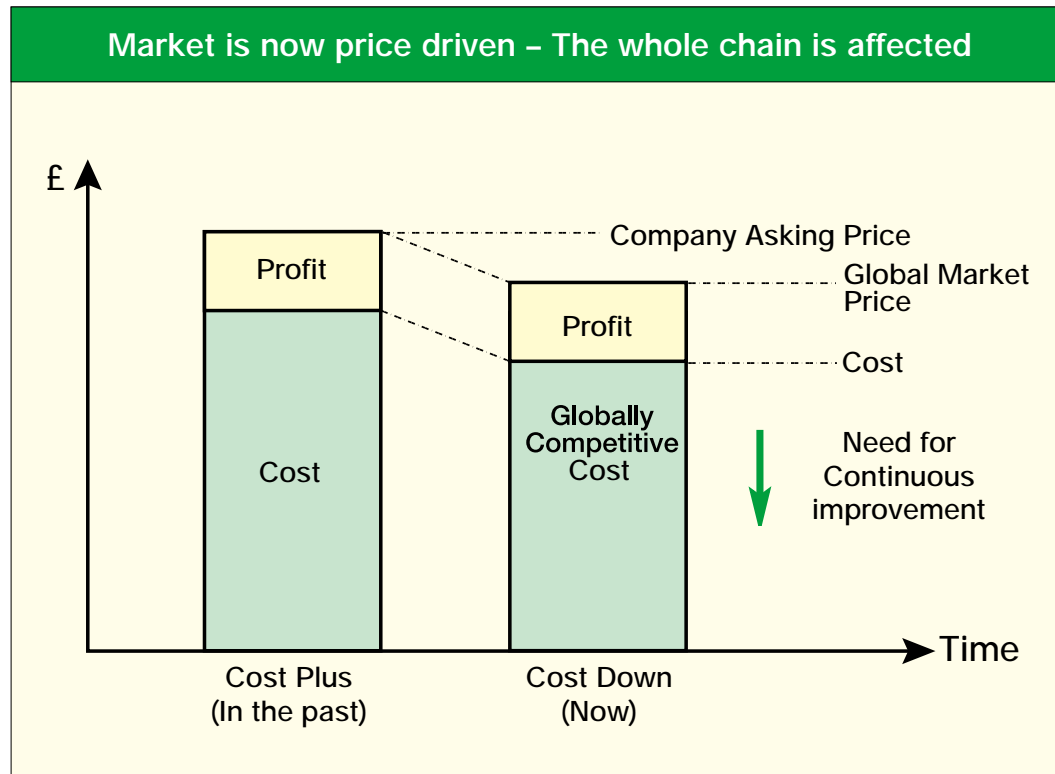




**Supply  
Chain Group**

# The Challenge

Most companies in the automotive industry are very keen to become 'world-class'. This means being competitive in the global market. But to become and remain competitive, companies must develop strategies, skills and knowledge that will enable them and their suppliers to achieve sustainable continuous improvements that will drive costs down.



"The Supply Chain project enforced our commitment for internal process improvement and helped to strengthen the relationship with the Customer."

REGIS SCREW & BOLT LTD



Building strong relationships with key suppliers is an essential part of this process. But although most major vehicle manufacturers run supplier development programmes, few go beyond the first tier of their suppliers. They expect these first tier suppliers to run their own supplier development programmes.



"Through the Supply Chain activity we can now understand how everything has come together and fit. This will help us make process improvements and improve product design at the initial design stage."

THE SCREW & RIVET CO.

Supply Chain Groups offers the opportunity to begin this process in a highly structured way. Because some 70% of the cost of every vehicle is bought-in, first tier suppliers are important. But second and third tier suppliers

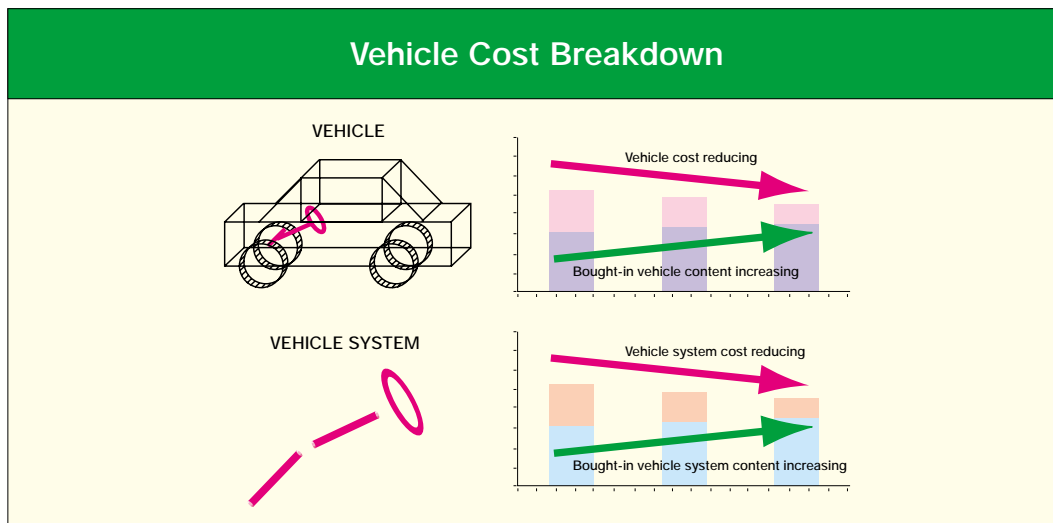
# Why is the Supply Chain so important?

are equally important because 60–70% of the cost of each product supplied by the first tier is also bought-in. Clearly if you ignore this opportunity you will not be addressing up to 70% of your opportunities to

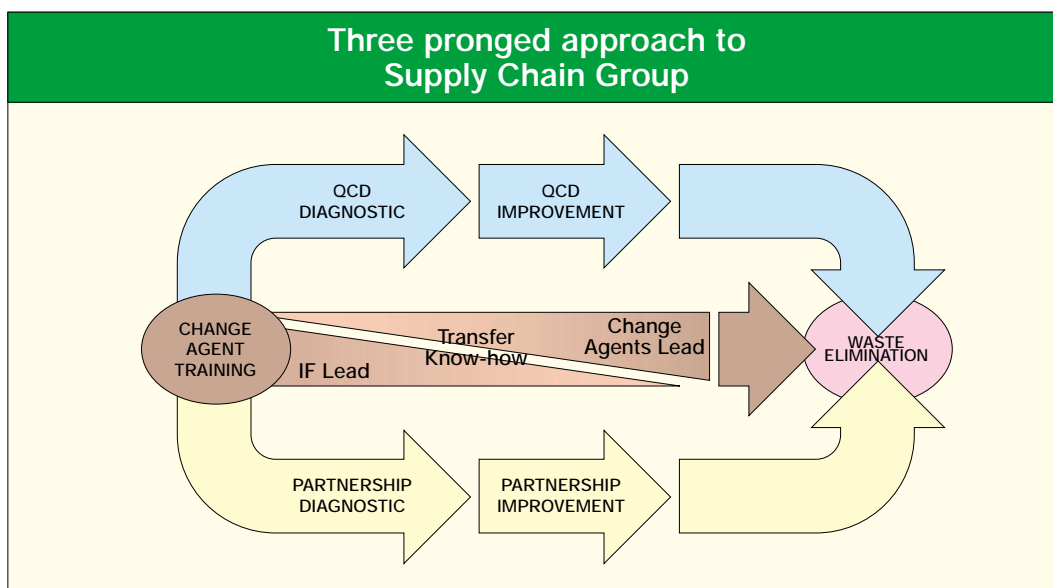
be competitive. In house changes in isolation can only address a fraction of the total cost.

“Suppliers involved were reluctant to get started but are now running their own workshop activities and are enthusiastic about the process of continuous improvement.”

KING AUTOMOTIVE SYSTEMS



If the industry is to become globally competitive, each tier of the supply chain must develop its own suppliers. And companies in each tier will need help to improve their competitiveness, especially their Quality, Cost and Delivery performance.



The solution is **Supply Chain Groups**. It's for those who, like most of the industry, are interested in supplier development but haven't yet made a start.



# Supply Chain Group

Both customers and suppliers are beginning to see the advantages of working more closely together. They're forming working partnerships based on mutual self-interest. This has proved to be far more effective than the adversarial 'arms length' relationships of the past.

Today, supplier development means much more than simply overcoming isolated problems. Throughout all sectors of industry, there's a growing appreciation that even the best companies are still only as strong as the weakest link in the whole supply chain.

So for products and components to be competitive in the global market, a world-class supply chain is necessary.

**Supply Chain Group** comprises a structured but flexible series of activities to bring together key suppliers in a forum from different tiers in the supply chain.

Developed by the SMMT Industry Forum, the programme brings together customers and suppliers. The aim is to enable individual businesses not only to see real gains in Quality, Cost and Delivery, but also to improve the level of partnership between the companies.

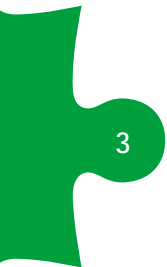
Naturally, the more openness and trust there is between companies, the greater the improvements in Quality, Cost, Delivery and Partnership.

The programme is a self-help opportunity based on mutual measured performance improvement.

To quantify the relationship improvements between participants, the Supply Chain Group programme includes a prepared system for measuring QCD and Partnership both before and after the activity.

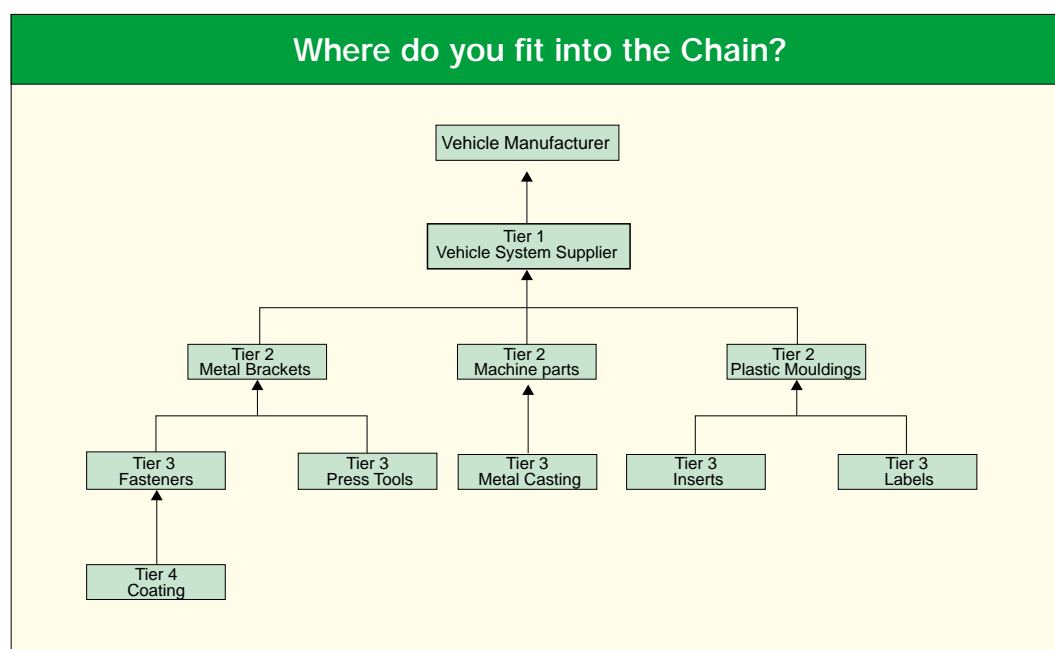
"Supply Chain Groups provide an injection of resource for small companies to improve the current situation and an opportunity to work more closely with our customers."

PETERSON SPRINGS

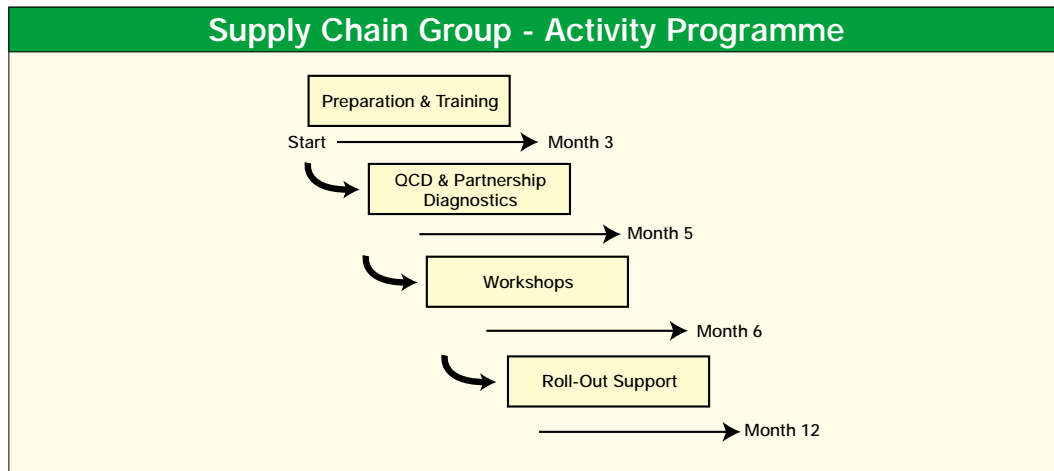


"The Industry Forum were the first organisation that talked common sense, led by example and created a team at all levels to create change."

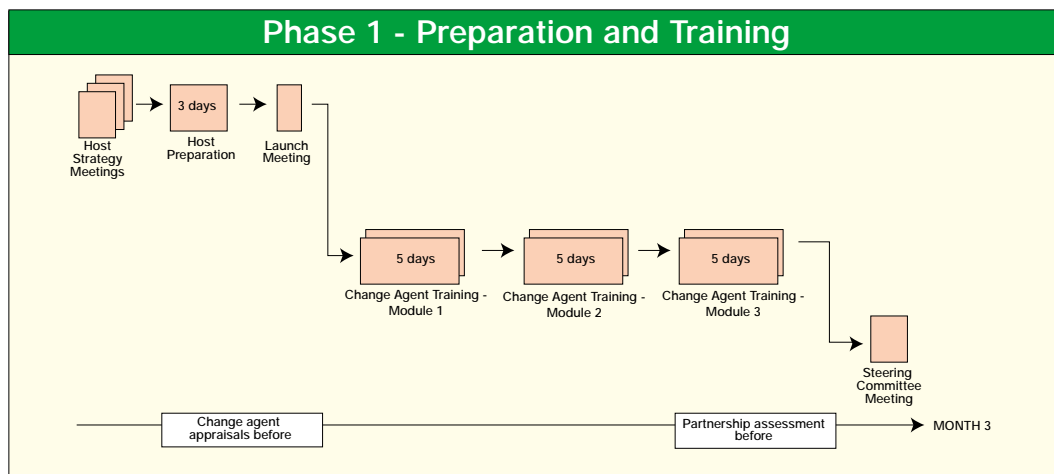
TW PRESSWORK



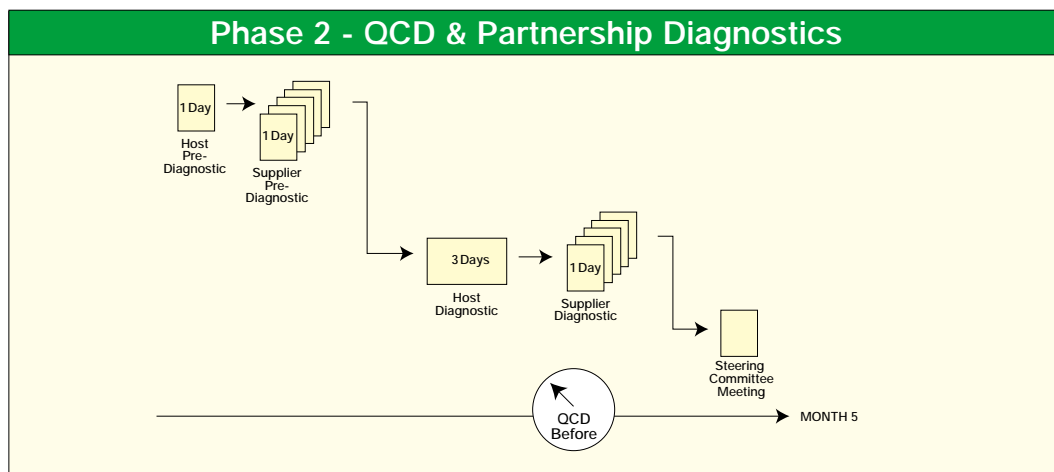
# Structured Approach



“One of the key benefits we gained was the development of our people that occurred as a by-product of team working with the experts from Industry Forum.”  
CASTLE ART



Within phase 1 the strategy is agreed and communicated to all suppliers, key suppliers are selected, and their change agents selected. Current skill base of change agents is established prior to intensive training within host company. Initial partnership assessments are completed by host and supplier.



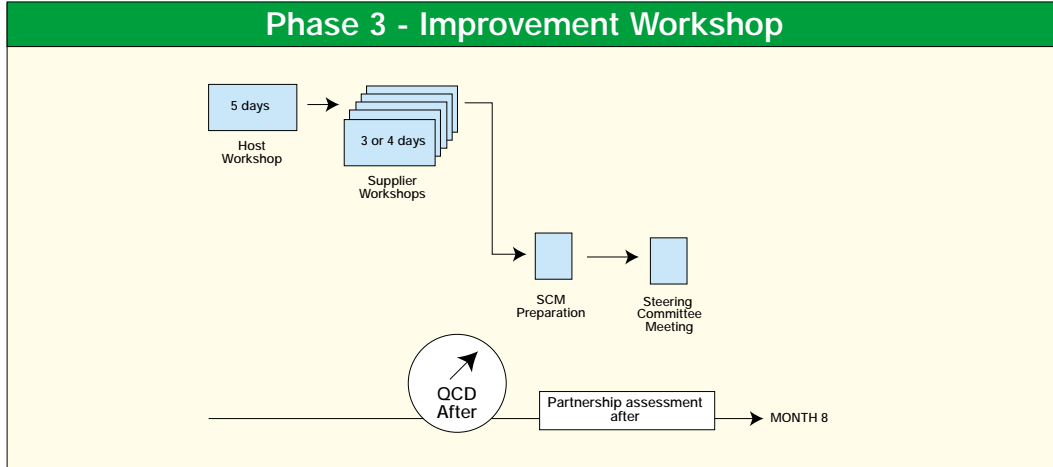
In phase 2 the model areas are selected and the QCD&P benchmarks are established. The workshop focus and plans are generated. During this phase, the mutual understanding between the host company and suppliers is starting to be developed.

“A hands-on, learn by doing approach for the shop floor that all levels can comprehend and run with themselves.”

PLASTIC ENGINEERING



### Phase 3 - Improvement Workshop

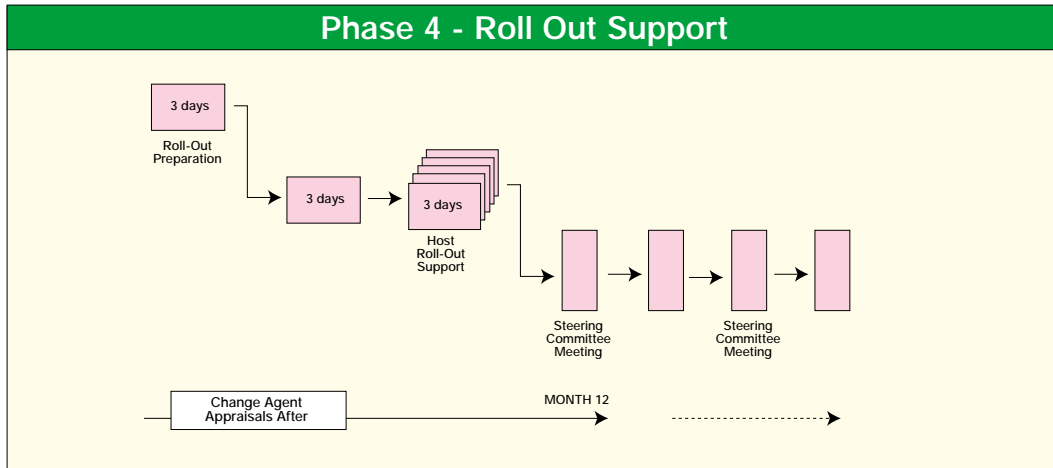


“Learnt about the customer’s perspective, how we are viewed as a supplier, plus the role we play and impact we have on the Supply Chain.”

GKN SINTER METALS

Phase 3 is when the QCD&P improvements are made. The learning is shared between the host and the suppliers as a variety of improvement tools are used in each company. The partnership assessments are completed again to show the improved measures. The aim is to establish win-win partnerships.

### Phase 4 - Roll Out Support



Phase 4 builds on the success of phase 3 and QCD&P improvements are locked-out. The change agent skill base is again reviewed and documented. The creation of ongoing host and supplier forums are encouraged, to further build on the improved partnership.

“We reduced our set-up times from 4 hours to 1 hour 33 minutes at the first attempt at using the Industry Forum approach.”

BLOXWICH AUTOMOTIVE

The Supply Chain Group programme delivers a number of immediate business benefits.

# What will it do for my business?

- 1 It builds and strengthens customer and supplier relationships, giving:
  - Closer understanding.
  - Change in attitude towards becoming partners.
  - Promotion of open discussion.
  
- 2 Important business improvements:
  - Internal productivity and cost reduction.
  - Improved supplier reliability.
  
- 3 Throughout the programme, both your own and your suppliers' staff learn new ideas and techniques. Then they put them into practice:
  - Learn from each other.
  - Learn by doing.
  
- 4 Structured continuous improvement:
  - Leads to sustainability.
  - Uses data collection to identify real opportunity.
  - Provides added resource to gain momentum.

Working together on opportunities to eliminate waste not only improves openness and communication along the supply chain, it also cements important business relationships by agreeing common goals. This results in mutual benefit.

## Something for everyone

The advantage of Supply Chain Groups is that they can easily satisfy a variety of goals.

Supply Chain Groups remove waste both within the manufacturing processes and interface waste between the companies involved. In the administration of engineering changes, schedules and logistics, for example.

"It brought together a group of people that wouldn't have normally have worked together to solve a problem together."

ITW PROFFITT



Customers are demanding ever-increasing levels of Quality, Cost and Delivery performance from their suppliers. For British industry to survive and succeed in this present climate, change is not an option. It's an urgent necessity.

## How to get involved

The SMMT Industry Forum is a collaboration between international vehicle manufacturers and component suppliers. It's

totally committed to helping businesses like yours to develop and sustain world-leading competitiveness.

The programmes we've developed represent a unique opportunity for the British supply industry to be the first to apply global best practice consistently through the entire supply chain and gain a very real competitive edge in the world market.

They are programmes your company needs. Right now.

We believe the excellent results we've achieved with existing members show just how effective our programmes are.

To benefit from one of our programmes, please contact:

Enquiries - Geoff Dale - 0121 717 6600

"Industry Forum have helped us to create a vision for the continuous process of change, focusing on QDC issues, personnel development and the development of a change of culture."

REGIS SCREW & BOLT LTD.

Companies that have already taken part in Supply Chain Groups have invariably found the cost of this investment to be minimal when compared with the long-term benefits.

# What are the real benefits?

Supply Chain Group - Benefits - Case Study - QCD			
Accelerate 2 - IF Supply Chain Groups - QCD Summary			
7 Measures of QDC	TYPICAL RESULTS		
	FROM	TO	AVE
1. Not right first time	2%	97%	53%
2. Delivery Schedule Adherence	1%	100%	49%
3. People Productivity	9%	100%	29%
4. Stock Turns	5%	87%	37%
5. OEE	5%	67%	31%
6. Value Added Per Person	5%	36%	18%
7. Floor Space Utilisation	5%	65%	22%

Although the financial cost is quite low, you will need to commit time and effort at a high level. The biggest cost is usually in a facilitator's time, so it will pay you to develop this ability in-house.

It can be a real challenge to find the time and resources for such a programme, especially for small companies. Although delivering that commitment is up to you, remember that, unlike most programmes that work with only one supplier at a time, Supply Chain Groups involve six to ten key suppliers, and this creates mutual support, encouragement and impetus.