

首页 - 新闻 - 股票 - 基金 - 期货 - 期指 - 黄金 - 外汇 - 债券 - 理财 - 银行 - 保险 - 信托 - 房产 - 汽车 - 科技 - 股吧 - 论坛 - 博客 - 微博 - 视频 - 理财服务 - A股超市

和讯汽车 2012年5月4日 星期五 手机版

股票/基金 ● 微博 ● 新闻 ● 博客 输入代码、名称或简写 和讯搜索

资讯 滚动新闻 产业要闻 车企动态 车企财报 汽车评论 国内新车 海外车讯 汽车召回 汽车营销 汽车用品

产品 质量曝光 试车宝典 酷图车模 车型大全 新车宝典 专题人物

服务 车型评测 热点导购 费用报告 行情报价 促销优惠 交通安全 违章查询 实时路况 交通法规 购车车险

小轿车 紧凑型车 中级车 高级车 豪华车 跑车 MPV SUV

请选择品牌 请选择车系

热门车型 上海大众途观 奥迪Q5 宝马5系 一汽丰田普拉多 奔驰GLK 推荐车型 哈弗H6 纳智捷大7 SUV 揽胜极光Evoque 别克昂科雷 日产楼

Archie from CGN: Supply Chain Management is the Key to Improve Automotive Company Profit Margins

April 27, 2012. Source : HEXUN automobile



During the 2012 Beijing Auto show in China, CGN and Associates, a global consulting company, held a media conference. Archie Cameron, the partner and principal of CGN's automotive sector explained some questions in regards to the automotive supply chain, manufacturing footprints and so on to the HEXUN Automobile and the other media. Archie Cameron indicated although the Chinese automotive market growth has been slowing, China still owns the world largest growing automotive market. With the development of the Chinese automotive industry, it is vital to find a way to rapidly increase a companies' competitiveness. What are some of the ways to give these companies a competitive advantage? One of the solutions is to increase the R&D technology. Another solution that is vital to a company is to increase profit margin. Cameron, suggests that Chinese automotive companies need to focus on the area which was neglected before, namely, the supply chain management.

The following interviews the factual record

Establishing the reliance to the other points in the supply chain

HEXUN automobile: All companies in each point of the value chain would aim for profit maximization. As a consulting company, how will CGN let all companies in the value chain establish trust among each other to achieve profit maximization? What can CGN contribute?

Archie: To automotive OEM's, they have to establish trust with the other points. To establish this trust is the responsibility of the automotive companies themselves rather than CGN or any other outsiders. However, CGN can help our clients to establish and consolidate this relationship.

The role of CGN depends on the requirements of our clients. We can help our clients establish a cooperative relationship with their suppliers. For example, a company decides to change the way they cooperate with their strategic supplier. Usually there are different approaches to the strategic suppliers and ordinary suppliers. Hence, CGN would analyze the supplier to help the company understand what kind of relationship they want to establish. We would analyze the supplier's capacity on one hand and the demand of the company on the other hand to let the demand and supply match each other. To OEM's, they need to change some of their behaviours, such as not changing their demand forecasting and not changing their purchasing orders at the last minute. To suppliers, they might need to gain some investments to increase their capacities and improve their equipment. There is also another possibility that the OEM and supplier held a joint venture. This suggests that the supplier might need some help to improve their technical capacity to solve quality and logistics problems.

The change of choices on supply chain models

HEXUN automobile: Automotive companies have different supplier systems. Toyota, for example, uses internal suppliers. This model suggests that no matter the engine plants or the parts, suppliers are all a part of the grand Toyota group. Another model, however, is to cooperate with other parts suppliers. Between these two models, which one benefits supply chain management optimization more? In other words, which one is better?

Archie: The first model you introduced is a vertical cooperative model which is also called end to end model. Actually, Toyota was a typical company that owned many partners and suppliers initially. This model at that time was to cooperate with the external suppliers and put the suppliers as a part of their own group. They offered training to suppliers to help consistent developments. They even sent Toyota employees to suppliers' plants for helping problem solving although those suppliers were independent companies.

It used to be a very good model which was imitated by many American automotive companies at one time. However, this model has not worked well recently. In this model, both sides have to face frequent price negotiations which always have a potential possibility of losing contracts. Therefore, another model was developed. For example, Ford chose a relatively smaller group of preferred suppliers. Those suppliers and Ford are consisted to be a combo who suggests a long term of cooperative relations. This model is more effective. It encourages these suppliers to invest in technology and new ideas. It also encourages suppliers to cooperate with automotive companies directly and share the pressures with the automotive companies during their developing to the high end.

Companies today are all on their way to being international. Their manufacturing bases are over the world. Therefore, it is vital for them to have a local supply. In the supply chain management section, we mentioned that the variables in the supply chain and the relevant derived costs should be reduced. If an automotive company wants to have a new factory, it would be good to use current suppliers. If the current suppliers cannot manage to supply, it is necessary to find local suppliers who are relatively close to the new factory.

Shorten the supply chain

HEXUN automobile: I have two questions. First, you mentioned that domestic companies are too focused on coordinating different managing departments. However, for those overseas, assembly and parts manufacturers, new technology, new product introduction including developing foreign markets also need to be taken into account while coordinating different departments. You also mentioned that multinational companies' supply chain management costs are relatively higher and the process is relatively longer. To the domestic self-owned brands, they are facing the challenge of develop overseas market and new product introduction. Does it suggest that domestic brand owners face even higher cost and longer processes? What is the methodology to control costs and processes?

The second question is about the footprint of competitors. Regarding to identifying a specific competitor, does it suggest that we should compete with it in one specific market or have to shift to another region since the competitor is too big. Can you tell us more about it?

Archie: I would like to answer your second question first. I didn't mean that we should escape if the competitor has been there. My point is that we can have better understanding on the way the competitor gets supplied and on the supply bases they established. Then you can take advantage of the skilled labour trained by the competitor and guaranteed capacity when you enter the market.

For example, it is about customer service centre rather than automotive industry. You would find many call centres are located in Poland, Ireland and India. Why is that? That is because those countries have many appropriate employees with reasonable skills. On the other hand, if you find the competitors in this region have exhausted all advantages provided in this area such as taxation advantage, land advantage and so on, you should find somewhere else instead.

Regarding to your first question, I am thinking of the speech given by a tier one supplier during the automobile forum conference this morning. The competition they are facing came from both multinational suppliers and domestic suppliers. They are both very good in coordinating different managing department. However, to the domestic suppliers, it is possible to improve the technical content in supply base aspects. Regarding to the long process of supply chain, even the multinational companies have very high costs. Actually I have worked with not only automotive companies but also industrial plant manufacturers to improve the supply chain. We helped a client a few years ago to help them improving their unbalanced supplier system. Their solution is to develop plan of each parts. It did shorten or at least simplified the supply chains. In this way, each process would not be unstructured and the number of points which need to be process is remarkably decreased.

If a company wants to set factories in a new place, it has to make a choice. For instance, if a Chinese company wants to open a factory in Brazil, he faces a choice between using its Chinese supplier which suggests it transport the parts to Brazil rather than finding a new local supplier in Brazil. The relevant factors need to be balanced and one of them is the length of supply chain. The longer the length of the supply chain, the higher the possibility of something going wrong. The response time would also have proportional relation with the length of the supply chain. From China to Brazil, transportation of equipments takes six weeks. Considering the particular case, if the cost of producing in China and transporting to Brazil is still lower than the cost of producing locally with the Brazilian manufacturers, and the processes and packaging are also reasonable to not waste too much time, transporting from China is still considerable. Hence, different factors need to be taken into account. Making different assumptions and testing the situation in different models to find the best solution

Generally speaking, the longer the supply chain is, the more problems could happen. Especially in automotive industry, the output is vital and so is the velocity. Therefore, the location of parts supplier is vital. The closer the better. To overcome the long term waiting and problems resulted by the long supply chain, the automotive company might ask the supplier to set a warehouse about one block away to be able to deliver required parts immediately. The cost of building the warehouse is all on the supplier.

Set cost reduction and performance improvement as objectives.

HEXUN automobile: CGN has been in the Chinese market for three years. Of the current Chinese clients, what proportion are automotive clients? During the cooperation with those Chinese parts suppliers, what are the most common problems? In which way does CGN usually deal with those problems?

Archie: Our major business in China focuses on automotive and heavy machinery industries. We just started to have business with some retailers which are basically about online retail. A lot of our international clients are from the insurance industry. These insurance companies have branches in China.

Chinese local suppliers commonly have problems in technique, quality and their capacities. In the capacity area, the suppliers need to understand the future trend of development and to identify if their capacity can meet the demand. To Chinese domestic suppliers, most of them are in the process of developing from small scale to large scale. They are not mature enough and lack investment. They might have conflicts with customers due to the insufficient capacity. They would give priority to the demand from a larger customer. Therefore we need to cooperate with them to see how they can meet the demand from all customers.

Regarding to the problems of quality, we would cooperate with the suppliers and help them to figure out what the problem is and what the major reasons are to eliminate the quality problem. The quality problems might come from the bad tooling or unskilled labour. We would help to find potential suppliers and provide assessments if automotive companies want to set extra factories or to have extra suppliers in China.

Archie From CGN: Supply Chain Management is the Key to Improve Automotive Company Profit Margins

April 27, 2012. Source : HEXUN automobile

HEXUN automobile: Have CGN ever had some clients who are CGN's competitor as well? How does CGN provide the best service proposal to them?

Archie: CGN hasn't had this kind of client in China so far. All our methodologies could be regarded as best practices. Our objectives are cost reduction and performance improvement. The three methodologies I mentioned before in my speech are all best practices. For example, the control methodology of the entire process of the supply chain is not like a designer work which can be only provided to one company.

The practice in automotive industry could be used for reference by the companies from other industries. We emphasize the best practices, which could come from some other industry because there are also supply chains in the other industries. To consumer goods companies and food companies, they also need to choose the location of their warehouse and to establish their delivery systems. Our experiences come from companies in different industries such as American Express. In addition, we also help our clients to avoid risk. For example, the world's only supplier of a unique red varnish stopped providing this kind of varnish due to the tsunami in Japan. Many automotive manufacturers can't deliver red cars due to shortage of the varnish. We considered the solutions to avoid the same situation in the future after learning this risk. Toyota and Honda has started to find local suppliers in North America to avoid such risks. We also learned the lesson and share the knowledge with our clients. 