

CHALLENGES OF THE AUTO SUPPLY CHAIN

5 March 2014

SMMT/NAA

Rachel Eade MBE

National Automotive Lead

OEM CONCERNS

Particular areas of concern are:

- **Keeping up with demand and related capacity to supply**
- **Scale of change and new vehicle programmes**
- **New people and training**
- **Access to finance to address growth related investments**
- **Doing all this with no compromise to Quality & Quantity!**
- **Challenges that arise out of Successful and Rapid Growth**

THE MOST COMMON QUESTION I GET ASKED

- **Where do I start**
- **Where do I get data/information**
- **Where is the competition**
- **What standards do I need**
- **Who can/will help**
- **Where can I meet vehicle manufacturers/customers**
- **What's it going to cost**

WHERE DO I START

- **Self assess**
 - Why are you looking at auto
 - Be honest about where you might sit in the sector

- **Identify processes/products**
 - What products are you offering
 - Where can you add value

- **Identify your spare capacity**
 - What scale of business are you looking for
 - Low volume or mass market

- **External review**
 - MAS advisor
 - Trade body

WHERE DO I GET DATA/INFO?

- Trade associations (SMMT, BPF etc)
- Automotive Council
- News - National, local
- Auto journals/trade press
- MAS
- Local Enterprise Partnership

WHO IS THE CUSTOMER?

Identify

- **UK based OEMs**
 - **Volume**
 - **Niche**
- **Tier 1s supplying the OEM**
- **Larger Tier 2s**
- **Aftermarket**

WHERE IS THE COMPETITION

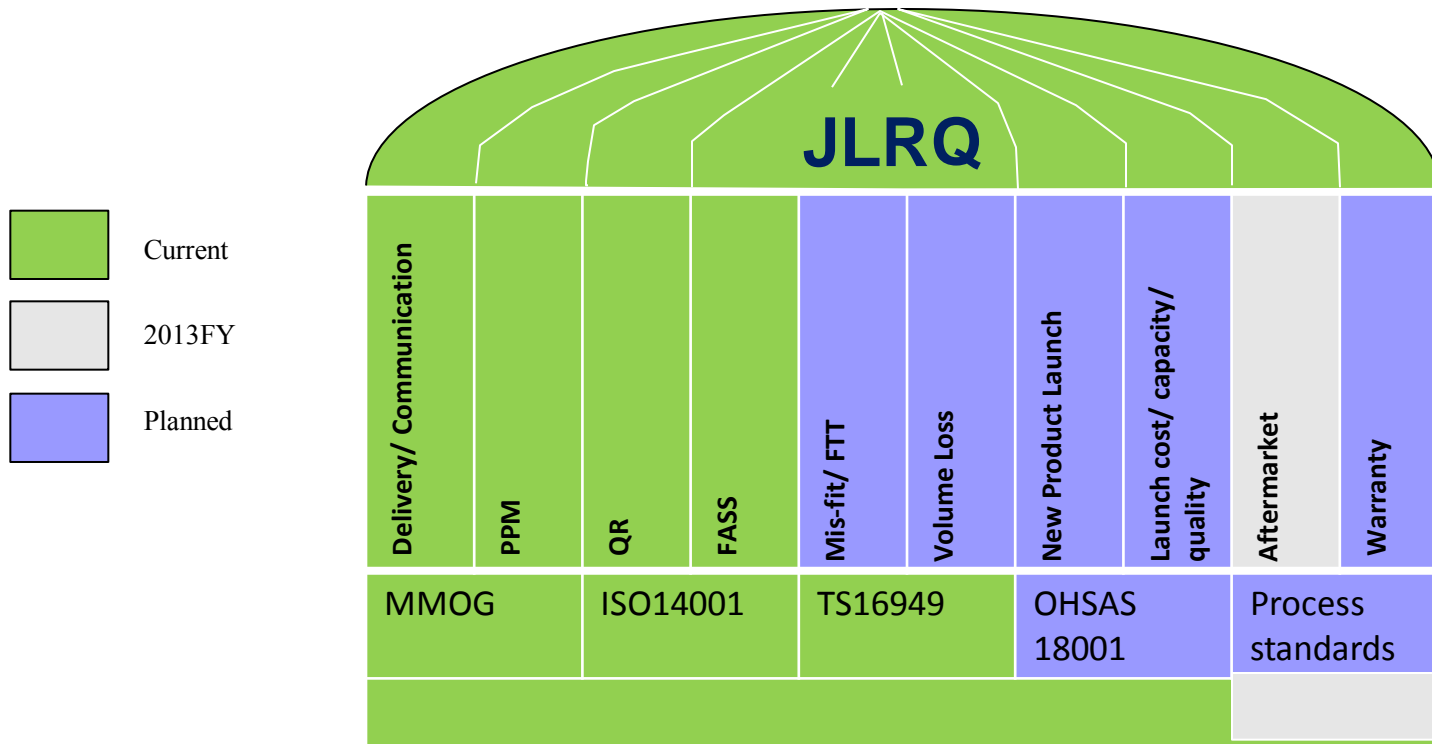
Identify

- **Established local players**
 - **Potential new local entrants**
 - **Global multinationals**
 - **Competition is everywhere!**
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- **But... if you have something that meets the customer's needs....**

WHAT ACCREDITATIONS DO I NEED?

- **It all depends on where you are in the supply chain**
- **Tier 1's may accept less rigorous qualifications**
- **Ask prospective customers**
- **MAS/Trade associations will also advise**
 - **QS9000**
 - **TS 16949**
 - **ISO 14001**
 - **ISO 18001**

SUPPLIER REQUIREMENTS FOR JLRQ



WHO CAN /WILL HELP?

- **Government agencies (MAS, SEMTA etc)**
- **Trade associations**
- **Local business networks**
- **Chamber of Commerce**
- **Local Enterprise Partnership**
- **Prospective customers**
- **Consultants**
- **Industry Forum**
- **Your network, customers, suppliers**

WHERE CAN I MEET CUSTOMERS?

- **Networking events**
- **Conferences**
- **Breakfast clubs**
- **Meet the buyer**
- **Invite them to visit**
- **Invite yourself to visit them**
- **Get on mail/newsletter lists**

WHAT'S IT GOING TO COST

- **All depends on where you start**
- **Accreditation has both an initial achievement and ongoing maintenance cost**
- **For SME, maybe better to set a more modest target**
- **Consultants can be good value, but can be expensive**
- **Doing it yourself may take more time but can be very effective**
- **You may be surprised at how much no-cost help is out there**

HOW LONG IS IT GOING TO TAKE

- **Depends on your starting point**
- **How much external support you need/use**
- **Understand OEM purchasing/nomination timescales**
- **Skills**
- **Access to Finance**
- **Machine lead time**



THE SOURCING PROCESS – TIMELINE & ACTIVITIES TO NOMINATION

SOURCING TIMELINE 12 WEEKS



Within the sourcing period suppliers need:

- To be convinced to invest
- To find access to affordable credit

Without this OEM will:

- Receive uncompetitive quotes
- Receive no quote at all!

This:

1. Will restrict the number of UK suppliers who can expand
2. UK automotive supply chain growth opportunity not taken
3. Leads to a missed opportunity for growth and job creation in the UK

Need an efficient system to allow successful access to funding within the time constraints of the automotive sourcing process. JLR is assisting in the support of this process through the ACUK

THE RETURNS

- **Initial production**
 - Volumes can be large, with some vehicles running at over 100,000 units/year
 - Plenty of lower volume but premium opportunities

- **Vehicle life cycle**
 - Average 7 years plus
 - Spares
 - Consumables



- **After market**
 - Spares
 - Consumables
 - enhancements

THANK YOU



for manufacturers

Rachel.eade@mymas.org

www.mymas.org | advice@mymas.org | 0845 658 9600  @mymas_mfg  MAS on LinkedIn

