



# STAUFEN.

## Workshop

“The right Set-up for  
China Sourcing”

Shanghai

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Your contact persons:

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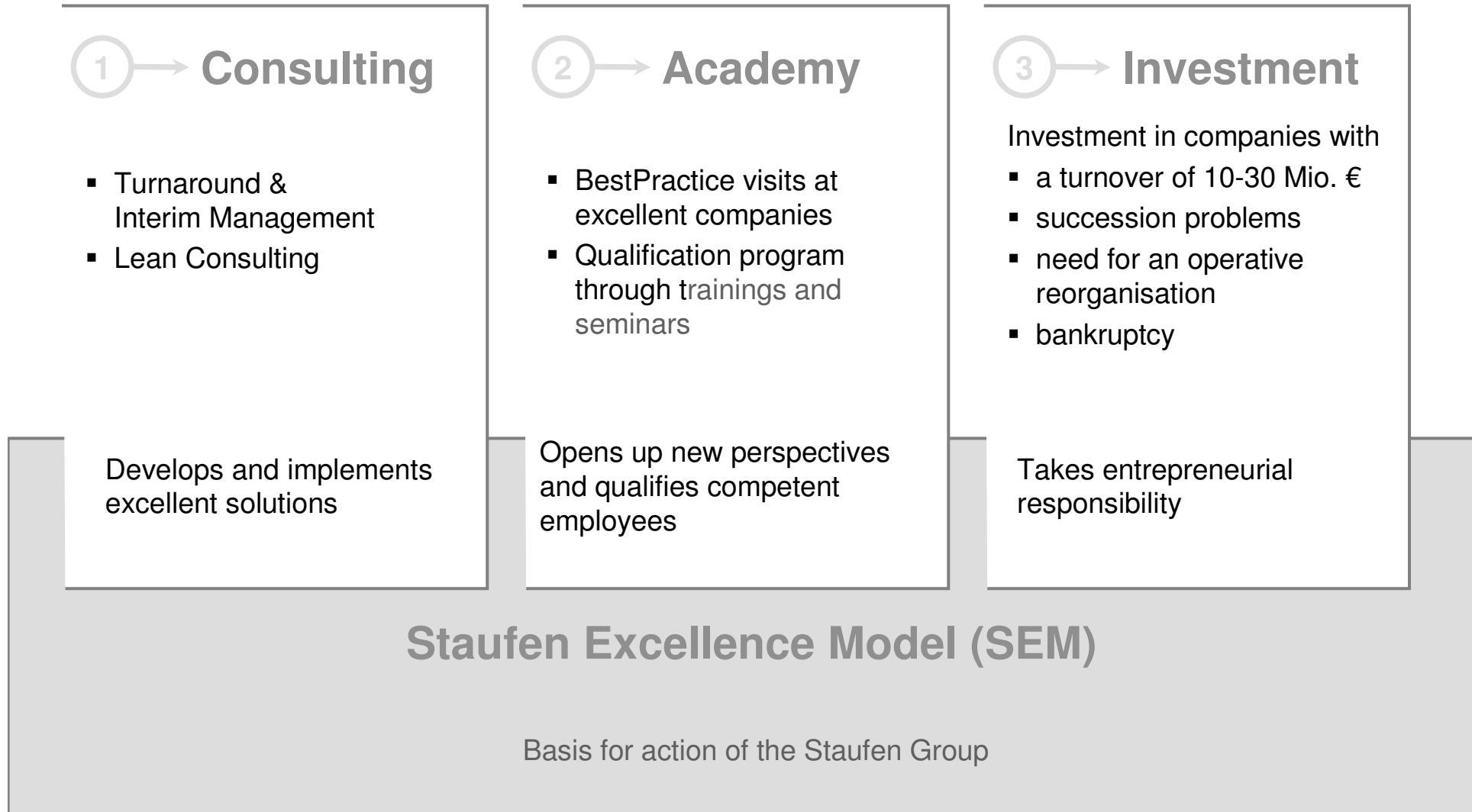
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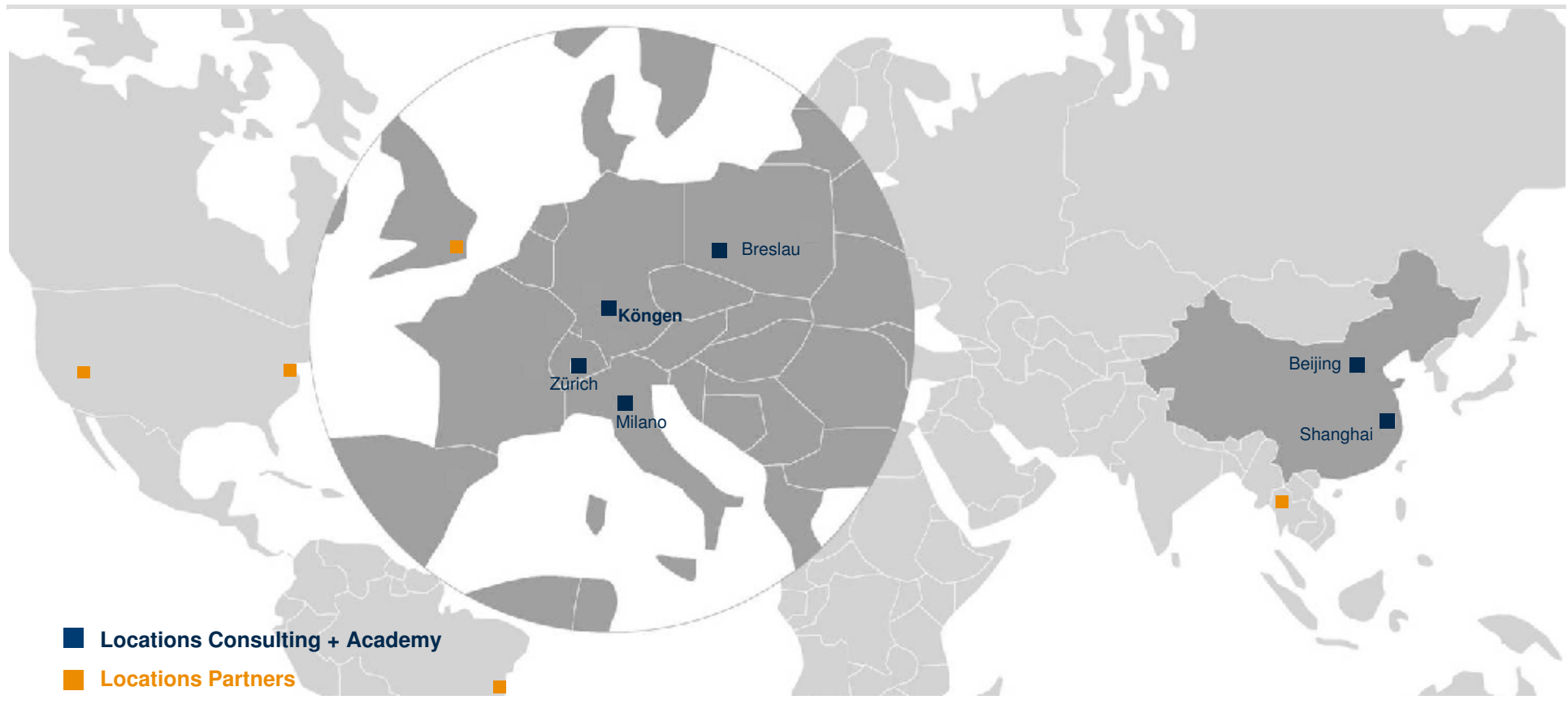


# Three business areas with one objective – BestPractice



# We are at your service - worldwide

Global location and partner network

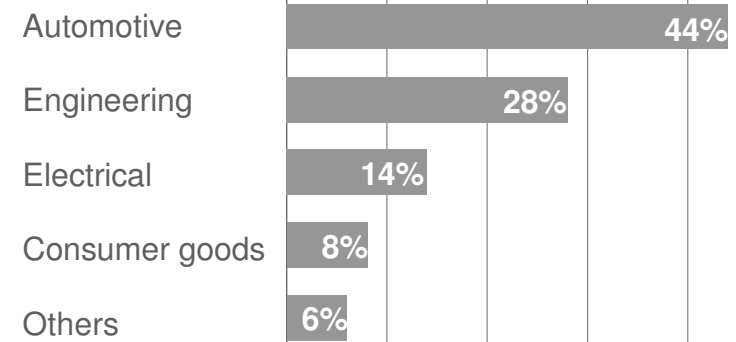


# History of Staufen Consulting – a success story

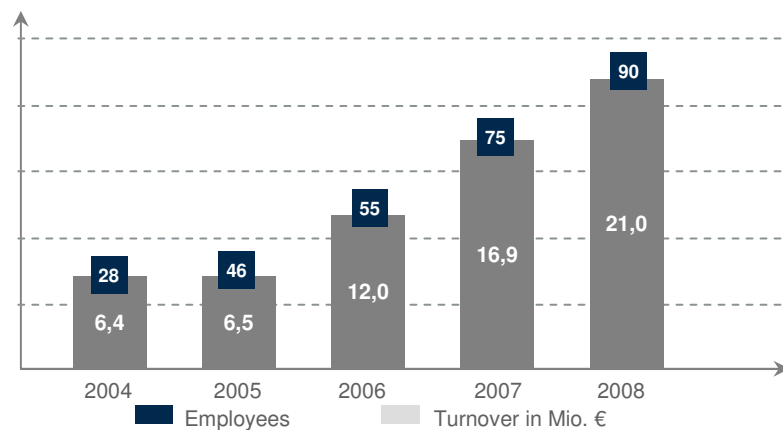
## Mile stones consulting

- 1994 Foundation Staufen Akademie Beratungsgesellschaft
- 2000 Transformation into a stock corporation
- 2003 Foundation Staufen Switzerland
- 2005 Foundation Staufen Shanghai
- 2006 Change of company name to STAUFEN.AG Beratung Akademie Beteiligung
- 2007 Foundation Staufen Poland and Staufen Italy

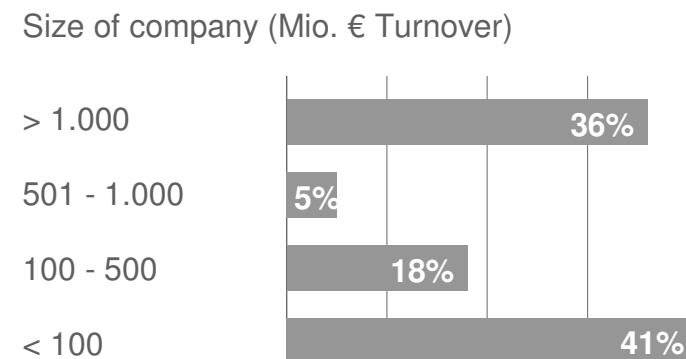
## Customer structure (industries)



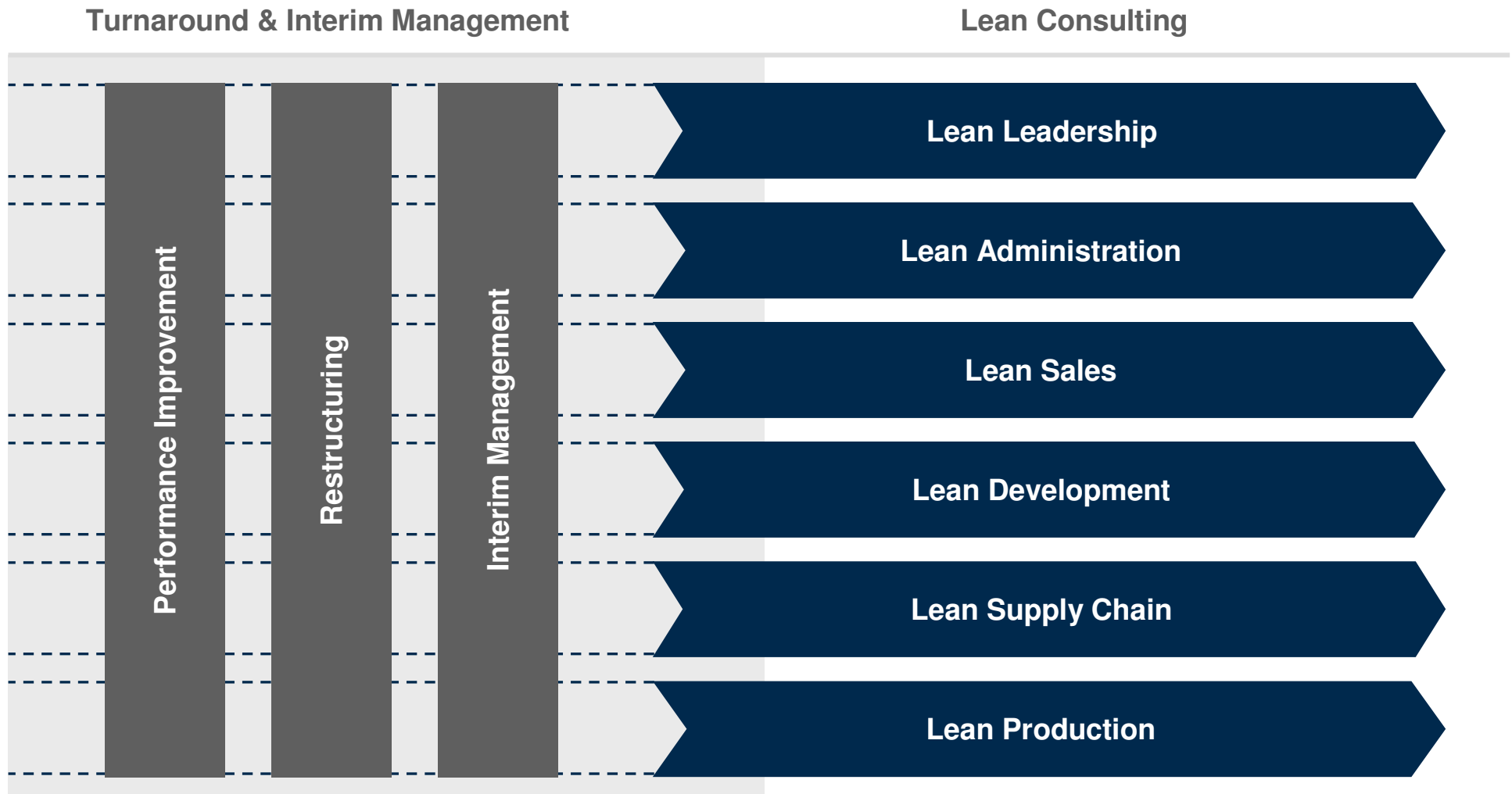
## Development of sales and employees



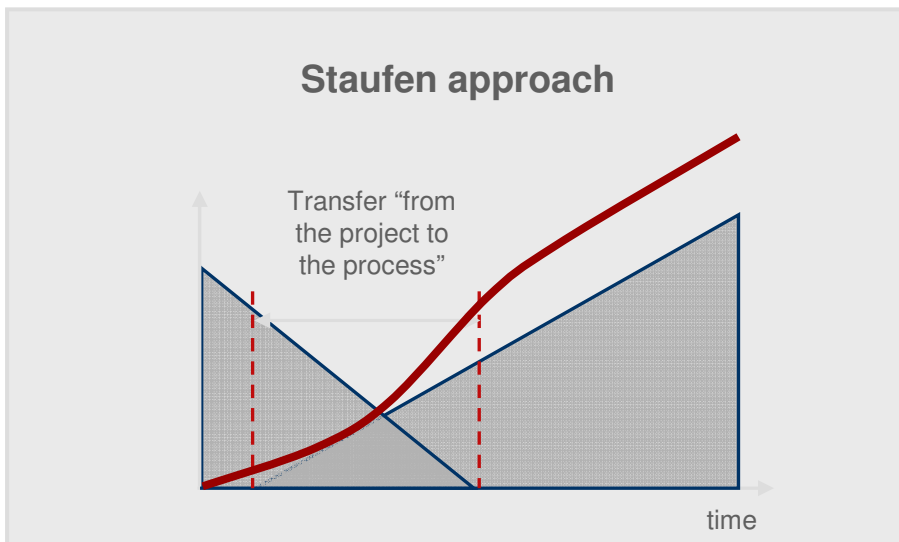
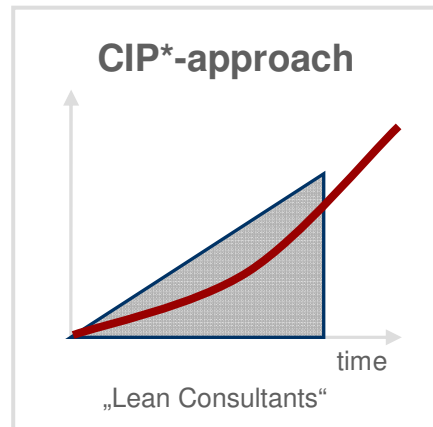
## Customer structure (size)



# Consulting approaches and specific competences



# Management- and Lean-Consultants work hand in hand



— Project results    ■ Transformation energy

## Characteristics of the Staufen-approach

- At the beginning the project focus is on the achievement of the defined targets (top down-approach)
- At the end the project focus is on the autonomy of the customer (CIP\*-approach)
- Smooth transfer during the transfer period (one firm) – “from the project to the process”
- Fast implementation of the defined concepts
- Consistent realization of the defined targets

**Speed and consistency**

\*CIP: Continuous improvement process according to lean principles

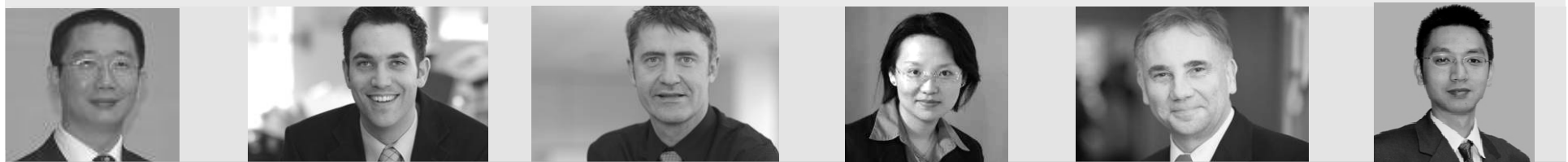
# Staufen consultants make the difference



## Staufen consultants...

- ... used to work in leading positions in BestPractice companies
- ... have profound functional knowledge by industry experience and project focus
- ... develop themselves permanent through the internal Staufen consultant training
- ... are result oriented and implement things pragmatically
- ... are in average 40 years old and have long-term international experience
- ... engage themselves personally and convey their know-how

- ▶ **Line- und leadership experience**
- ▶ **"Real" functional experience**
- ▶ **Analytical know-how**
- ▶ **Problem solvers and converter**
- ▶ **High seniority**
- ▶ **Personal Coach**



Our customers are references in their industries (1/2)

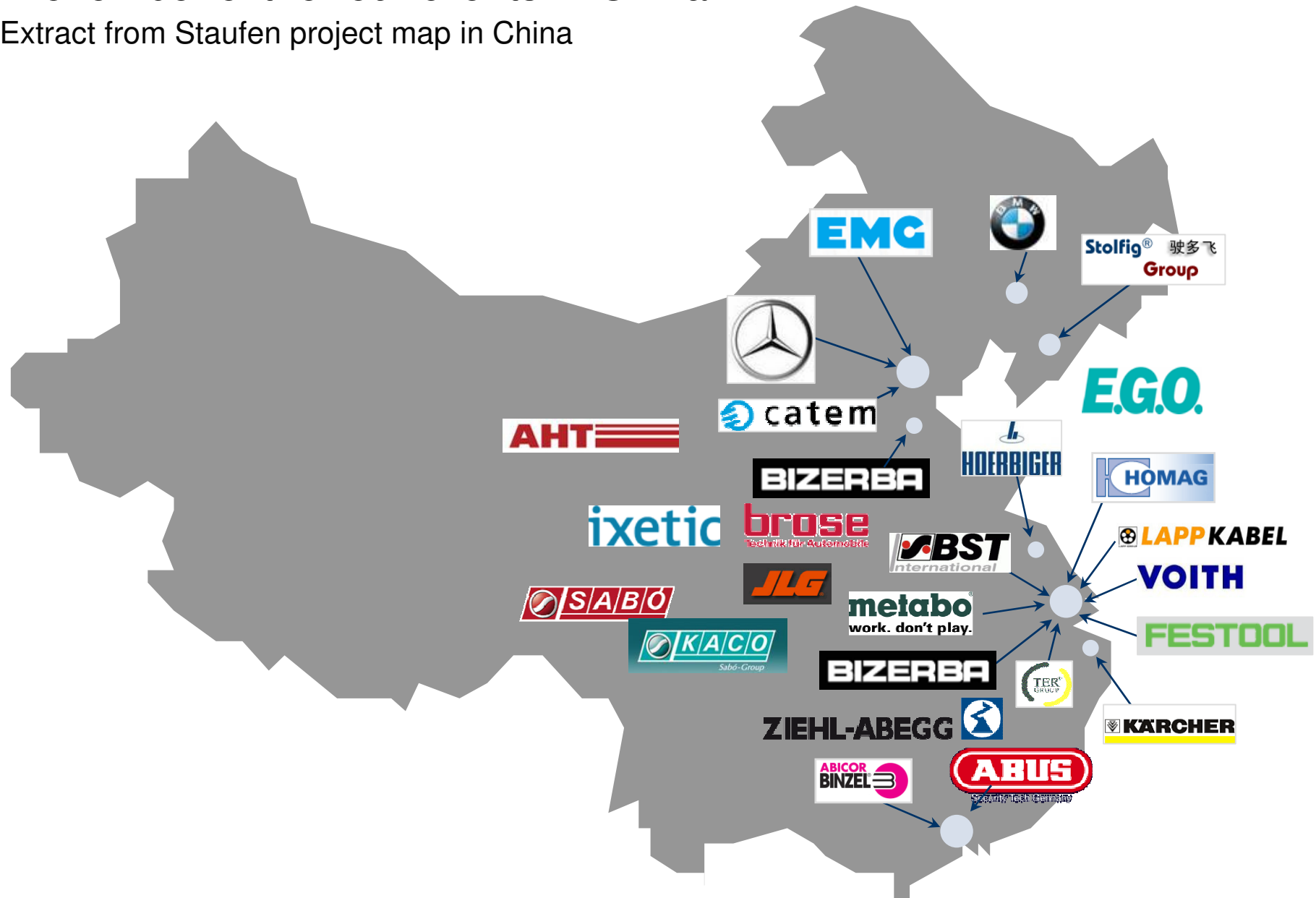
|   |  |
|---|--|
| <p>Automotive engineering</p>                                   |  |
| <p>Engineering<br/>Plant construction<br/>Tool construction</p> |  |

Our customers are references in their industries (2/2)

|  |  |
|--|--|
| <p>Medical / Electrical engineering<br/>Sensor technology<br/>Optics</p> |    |
| <p>Metal working<br/>Drive engineering<br/>Mountings</p>                 |   |
| <p>Other branches</p>  |  |

# Proven benefit for our clients in China

Extract from Staufen project map in China



# Reasons for working with Staufen.

## **Measurable. Practical. Consistent. Personal.**

- You realise quantifiable and sustainable results
- You get customized BestPractice solutions for your company
- You get transparency and security for making decisions
- You receive the conception and implementation from on hand
- Your employees will be qualified in the project and in our trainings
- You experience persistency in the pursuit of top performance
- Our consultants have experience, functional expertise and BestPractice know-how
- You will notice our commitment and will be released through our goal oriented work
- You can pay us success-related concerning defined goals

# Academy - Qualification together with BestPractice companies

## BestPractice LIVE – See. Learn. Act.

- Together with exclusive partners we offer qualification to implement sustainable added value potentials
- Systematic know-how transfer from BestPractice companies
- Identifying need for action and providing guidance for implementation
- Full-time mentoring through 2 experts with consulting experience from BestPractice companies
- Solutions will be experienced live on-site in the plant
- Simulations and games disclose logic and coherence
- Good and lively exchange between participants



诗道芬精益培训  
**价值增收!**

- 体验成功的客户为导向的生产战略
- 学习建立以流动为导向的生产线
- 获取如何启动持续改进的经验
- 和来自不同企业的专家共同探讨

**参观.** 深厚的工厂之见  
完美的生产流程

**学习.** 提高生产效率的方法和工具  
认识采取措施的必要性  
指导实施知识的系统化传输

**行动.** 参与制定具体步骤，改进流程稳定性  
与专家和其他企业的管理者交流经验

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**STAUFEN.**  
通往最佳实践之路的伙伴

PWO HOMAG DMG

# The right Set-up for China Sourcing

## Content:

### **Introduction: 10 basic rules about Business in China**

1. Project-Planning
2. Purchasing Organization in and for China
3. Processes and Documents
4. Future Chinese Suppliers
5. Communication and Reporting
6. Risks and Risk Management



# Your moderator today . Josef Luerkens

| YEAR OF BIRTH | QUALIFICATIONS         |
|---------------|------------------------|
| 1951          | Diploma in Mathematics |



| COMPANY  | PROFESSIONAL EXPERIENCE   |
|--|---|
| Drahtwaren-Werbemittel Wirtz<br>ITT-Teves GmbH<br>INA-Schaeffler KG<br>INA-Schaeffler KG | <ul style="list-style-type: none"> <li>• Purchaser</li> <li>• Purchasing Manager for Frankfurt plant</li> <li>• Global Purchasing Manager Group INA-FAG-LUK</li> <li>• Purchasing Manager Asia – Pacific</li> </ul> |

|                             | CORE COMPETENCES   |
|-----------------------------|--|
| Staufen AG<br>Senior Expert | <ul style="list-style-type: none"> <li>• International integration</li> <li>• International purchasing management</li> <li>• Business support China</li> <li>• Low-waste office processes – Best Office</li> <li>• Taskforce: supplier and quality development</li> <li>• Reduction of costs in 12 weeks (purchased parts, services)</li> <li>• Organization and process excellence in international purchasing</li> <li>• Global supply chain / base management</li> <li>• Global purchasing support</li> <li>• Initial back-up (taskforce: management/troubleshooting)</li> <li>• Dynamic improvement process</li> </ul> |

| COMPANY   | KEY PROJECTS AT STAUFEN AG   |
|---|--|
| Mercedes Benz China Ltd., Beijing<br>Ixetic GmbH, Bad Homburg<br>Mesa Parts GmbH & Co. KG, Lenzkirch<br>Hilite, Marktheidenfeld | <ul style="list-style-type: none"> <li>• Organization and Process Purchasing indirect materials and services</li> <li>• Sourcing China: market analysis, supplier selection</li> <li>• Training ‚How to deal and negotiate in Automotive Industry‘</li> <li>• Cost Saving Projects, Purchaser Training, Globalization</li> </ul> |

|  | LANGUAGE SKILLS                    |
|--|------------------------------------|
|  | German, English, French, (Chinese) |

“I want to utilise my extensive practical experience in purchasing for the automotive supplier industry to help the clients of Staufen Academy, but especially to pass this experience on to younger purchasers and thereby make my personal contribution to qualified industrial purchasing at an international level!”

# Today support: Zheng Lu



| YEAR OF BIRTH | QUALIFICATION  |
|---------------|--|
| 1967          | Bachelor<br>Major Aerospace Design<br>North-West Industry University |

| COMPANY  | PROFESSIONAL EXPERIENCE   |
|--|---|
| Shanghai DuoLing-Waston Mechanical Co.,Ltd.<br>Shanghai HuaDu Container Manufacture Co.,Ltd.<br>Framatome Shanghai Representative office | <ul style="list-style-type: none"> <li>• Mechanical design engineer for design the crusher, chassis, etc.</li> <li>• Quality engineer for container manufacture</li> <li>• Representative in NFM mechanical division for responsible for the localization project including the sourcing, purchasing and project management</li> <li>• Chief Project Manager of South China in Project and Logistic Department</li> </ul> |
| Siemens Medical Solution, China  |   |

“Daily accumulation of some knowledge and experience as planning will help my work and life in positive way.”

|  | CORE COMPETENCES  |
|--|---|
| Staufen Shanghai<br>Senior Consultant<br>Sourcing and Purchasing | <ul style="list-style-type: none"> <li>• Optimize the purchasing process including improve the purchasing process, database and purchasing activity.</li> <li>• Supplier markets research, supplier audit and qualification, supplier development.</li> </ul> |

| COMPANY  | KEY PROJECTS AT STAUFEN.SHANGHAI   |
|--|--|
| JLG Australia<br>Mercedes Benz (China) Ltd.<br>AHT<br>Ixetic<br>S&H<br>NKT | <ul style="list-style-type: none"> <li>• Supplier sourcing in China</li> <li>• Optimize the purchasing process and project management</li> <li>• Supplier Sourcing in China</li> <li>• Supplier Sourcing in China</li> <li>• Supplier Sourcing in China</li> <li>• Purchasing an analysis</li> </ul> |

|  | LANGUAGE SKILLS  |
|--|------------------|
|  | Chinese, English |

# The right Set-up for China Sourcing

## Introduction: 10 basic rules about Business in China

1. “If you have been 1 year in China then you think you know it, if you are 10 years there you know it is not true” (Henry Kissinger)
2. Everybody makes his own individual Chinese experiences
3. Do not trust on elder books and seminars: China has changed a lot and daily new changes will occur
4. Networking /Guangxi) is a key to sustainable success
5. Especially the young generation in the main cities have a totally different behaviour than elder generations
6. However: before you start business, perform a profound analysis and develop a strategy and a project road map
7. Do not underestimate the costs and have some safety in your budget
8. You often need much more time than you expect it
9. Throwbacks are normal, but should not reduce you to despair
10. Ensure the full support of your top-management and supervisor



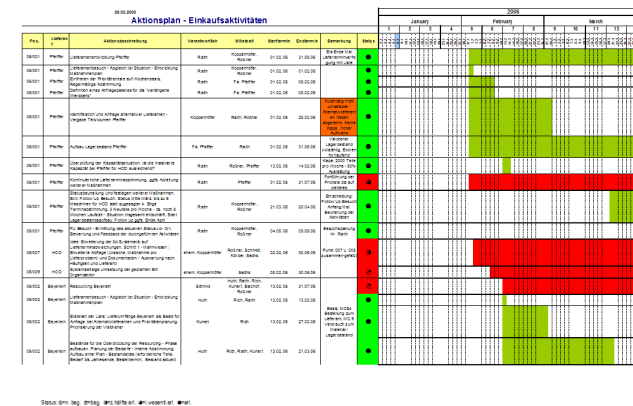
# The right Set-up for China Sourcing

## 1. Project-Planning

- Definition of measurable goals - what shall be achieved!

- Requirement from top-management
- Fulfilment of local purchasing shares
- International Sourcing (Asia, global)
- Reduction of logistic costs in / to China
- others

- Set a timeframe (1 year – 5 years) with milestones



- Identify commodities which are suitable for China – Sourcing and conclude, which commodities (mainly) shall be imports

- Determine project lead and supporting colleagues and departments

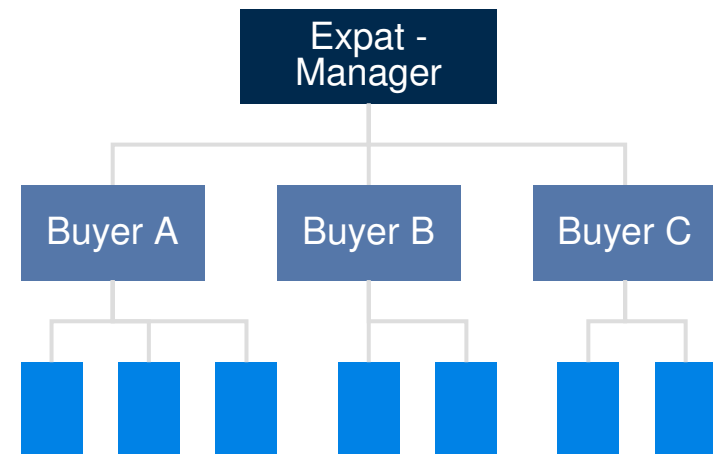
- Calculate a budget and ask for approval

- Staff including qualification training
- Equipment
- Travel costs

# The right Set-up for China Sourcing

## 2. Purchasing Organization in and for China

- Determine quantity of staff and qualification (year by year)
  - Organization structure including reporting line to supervisor and to headquarter
  - Expatriates (purchasing manager, key positions, profile)
  - Local Chinese staff
  - Temporary support by purchasing consultants
  - Hierarchy
  - Job descriptions
  - Planned salary structure and other costs
  - Trainings
  
- Hiring of staff
  - Mainly in own direction
  - Head-hunters (which are the right qualified ones?)
  
- Office and room planning including equipments
  
- IT (hardware and software) and telecommunication



# The right Set-up for China Sourcing

## 3. Processes and Documents

### Processes

- Develop suitable and applicable sourcing and purchasing processes
- Describe the main processes (RfI, RfQ, quotation, evaluation, supplier release, supplier selection, negotiation, ordering, tracking, payments, others)
- Create basic rules like 4-eyes principle and segregation of duties
- Identify risks and implement risk criteria and risk management

### Documents

- Supplier Profiles
- Confidentiality Agreement
- Integrity Agreement
- General terms and Conditions
- Technical drawings and specifications
- Quality terms
- Shipping requirements
- Others

| Vendor Selection Process (new)  |  |   |  |  |    |    |    |    |       |              |    |
|---|--|---|--|--|----|----|----|----|-------|--------------|----|
| Target and purpose  |  |   |  |  |    |    |    |    |       |              |    |
| Target and purpose of the instruction is to regulate the vendor selection process.  |  |   |  |  |    |    |    |    |       |              |    |
| Key performance indicators  |  |   |  |  |    |    |    |    |       |              |    |
| The signs regarding the main processes are supported by different key indicators for performance measurement. These key performance indicators are listed in a central indicator matrix and linked accordingly. |  |   |  |  |    |    |    |    |       |              |    |
| Process description   |  |   |  |  |    |    |    |    |       |              |    |
|   |  |   |  |  |    |    |    |    |       | Organization |    |
| Step  | Input  | Action  | Output   | Remarks  | IR | IS | TS | FS | Local | CH           | US |
| 1   | From purchase order process (events, projects, ...), commodity, strategy - need for vendor approval)<br>Approved Vendor List (AVL) | Generate potential vendors  | 0 to max. List approved vendors and/or pending new entries   | 0 to max. List approved vendors and/or pending new entries   |    |    |    |    |       |              |    |
| 2   | Supplier framework contract (SFC) - if applicable<br>Supplier framework contract (SFC) - if not applicable                         | Check that framework contract is in place<br>Check that framework contract is in place                                      | Supplier framework contract (SFC) - if applicable<br>Supplier framework contract (SFC) - if not applicable | Supplier framework contract (SFC) - if applicable<br>Supplier framework contract (SFC) - if not applicable                 |    |    |    |    |       |              |    |
| 3   | Supplier framework contract (SFC) - if applicable<br>Supplier framework contract (SFC) - if not applicable                         | Prepare requests for quotation (RFQ)  | RFQ's  | Number of RFQ's (1, 2, 3) depends on number of suitable approved preferred vendors per commodity (affected change-related) |    |    |    |    |       |              |    |
| 4   | RFQ's  | Send out RFQ's to the selected vendors  | RFQ's  |  |    |    |    |    |       |              |    |
| 5   | RFQ's  | Provide information for bidding (that quotation)  | Quotation  |  |    |    |    |    |       |              |    |
| 6   | Quotations and Risk Chance Assessment for new vendors  | Comparison of quotes, process selection recommendation<br>Vendor Selection Form<br>Send all documents to tender board (SFC) | Vendor Selection (Vendor nomination form)  |  |    |    |    |    |       |              |    |
| 7   | Quotation + 50 000 RMB   | Select vendor and initiate contract signing process   | MDCL, standardcontract<br>Vendor to contract signing process   |  |    |    |    |    |       |              |    |
| 8   | VS (Vendor Nomination Form)  | Prepare tender board meeting (0, 1)   | Tender Board Meeting<br>VS form (filled)<br>- Preparation tender board meeting                             | See Tender Board Procedure   |    |    |    |    |       |              |    |
| 9   | VS (Vendor Nomination Form) and Quotes<br>Risk Chance Assessments  | Tender Board Decision   | Normalized Vendor Selection<br>Vendor approved and signed  | PM to sign standard clause. In case of new vendors or any need for further qualification decision via Tender Board         |    |    |    |    |       |              |    |
| 10  | Normalized Vendor signed Vendor Selection Form, Quotes   | Forward and document result   | Signed VS (Vendor nomination form) quotations  | TS to collect new data to the decision making documentation - signed and link to defined architecture                      |    |    |    |    |       |              |    |
| 11  | Signed Vendor Selection (Vendor nomination form)   | Initiate contract signing process   | signed contract  |  |    |    |    |    |       |              |    |
| 12  |  |   |  |  |    |    |    |    |       |              |    |

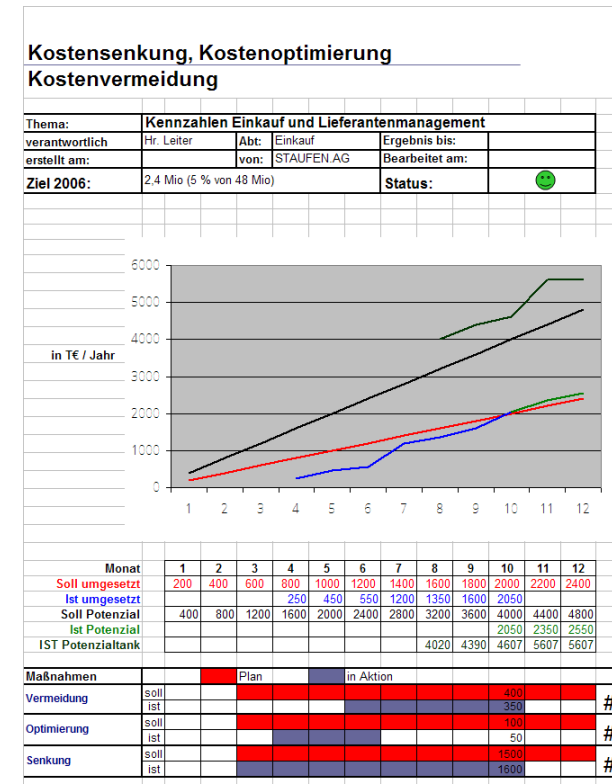


# The right Set-up for China Sourcing

## 5. Communication and Reporting

- Communication (internal and external)
  - Fix regular communication with local supervisors and those in headquarter
  - Define standard agenda points and other main topics of interest
  - Also arrange regular communication to related departments inside China (and Asia)
  - Networking
  - Membership in local (purchasing) organizations
  - Team-meetings / team-building
  - Supplier days

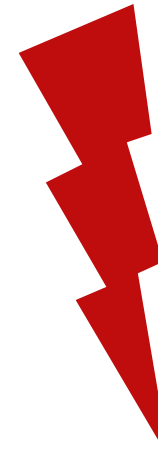
- Reporting
  - Content
  - Frequency
  - Goal fulfilment
  - Corrective action
  - Year end report
  - Goals for upcoming years



# The right Set-up for China Sourcing

## 6. Risks and Risk Management

- Too high expectations by the headquarter and local management
  - Goals
  - Timing, quality, cost-savings, others
  
- Staff
  - Qualification (expatriates and local Chinese as well)
  - Compliance, bribery
  
- Budget
  
- Suppliers
  - Not enough qualified ones – for domestic market, for export
  - Time for development extended
  - Compliance, bribery
  
- How to identify risks in time and how to deal with them
  
- Criteria to stop the China-Sourcing project



# Staufen Lean Procurement - 7 Factors for success – also in China

