



Economic Crisis Recovery

Logistical Aftermath

BME China Sourcing Conference 2009, Shanghai

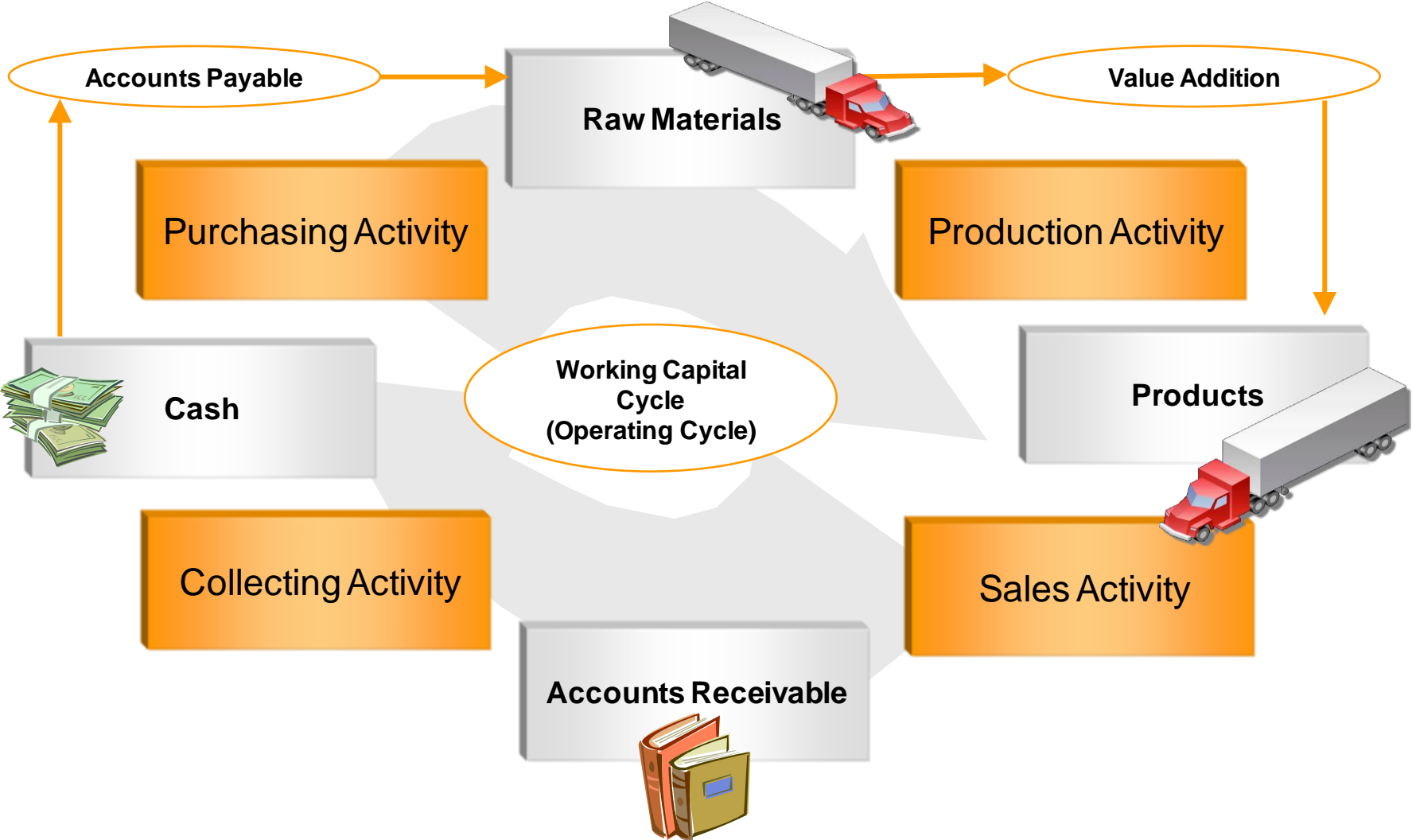
Carsten Pfuhl, Continental

Logistical Aftermath

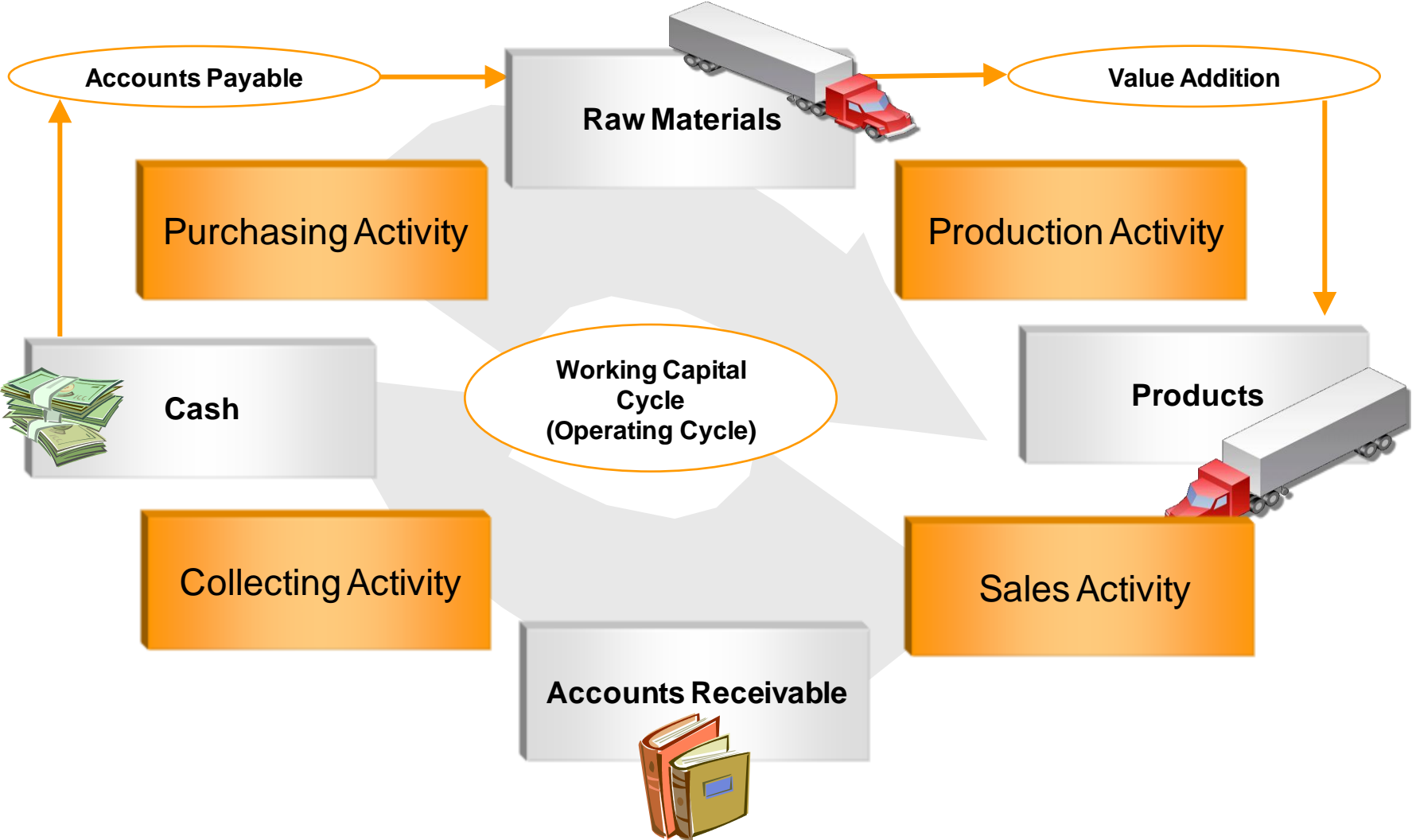


Automotive Supply Chain between Globalization and Economic Crisis

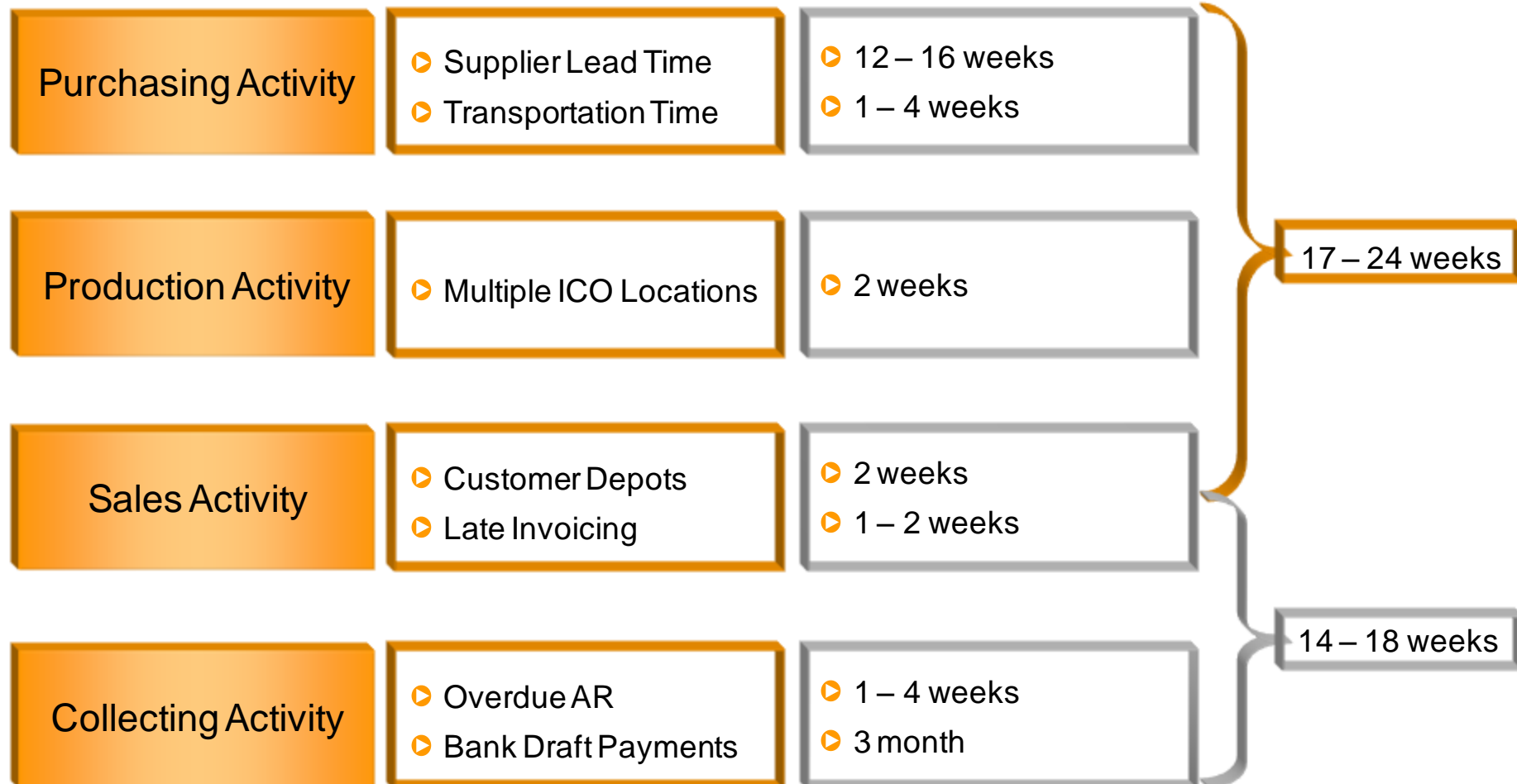
Operating Cycle - In Theory It Looks So Easy !



Operating Cycle - More Likely Reality Asia in a Global Supply Chain

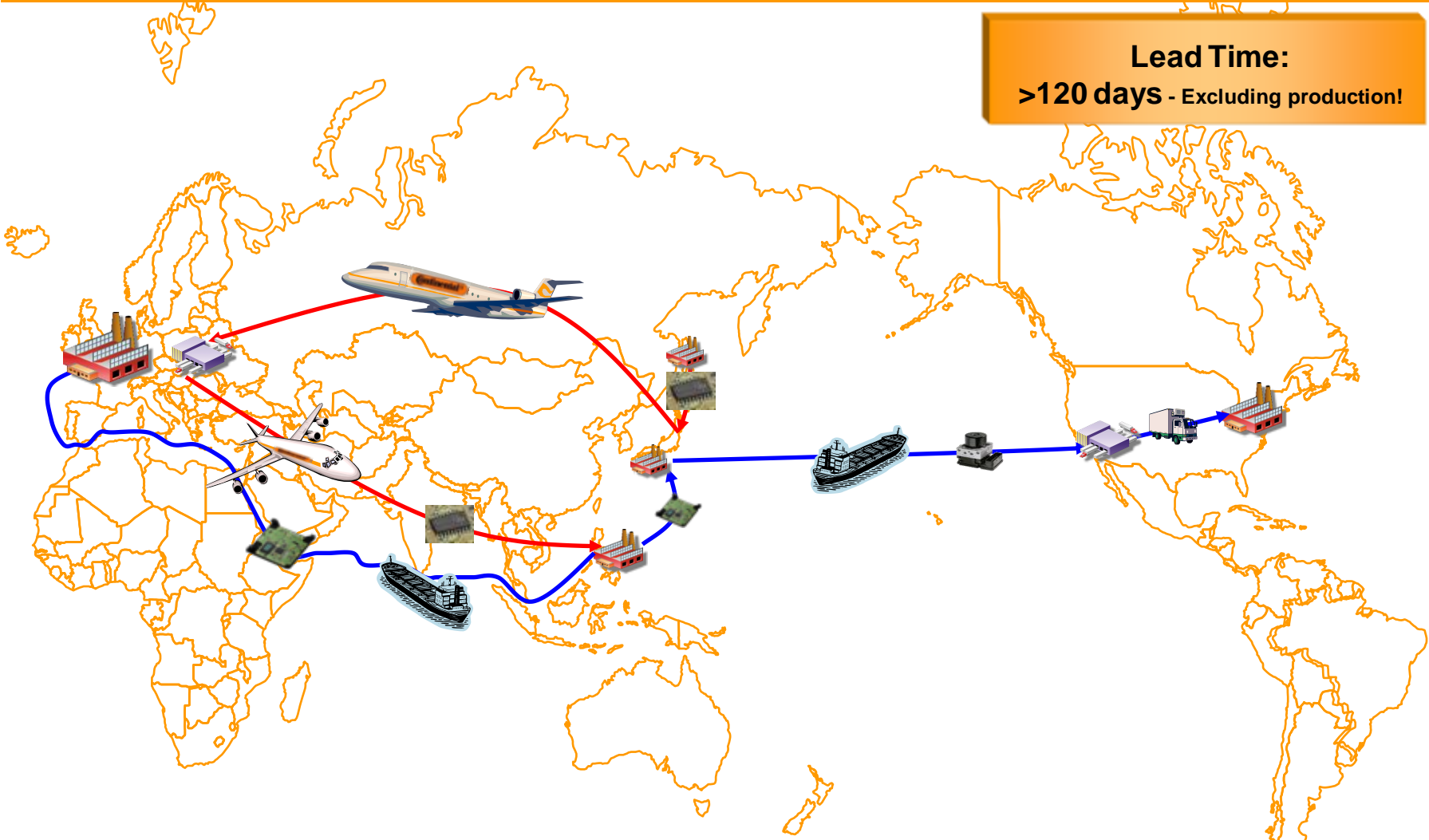


Operating Cycle - More Likely Reality Asia in a Global Supply Chain

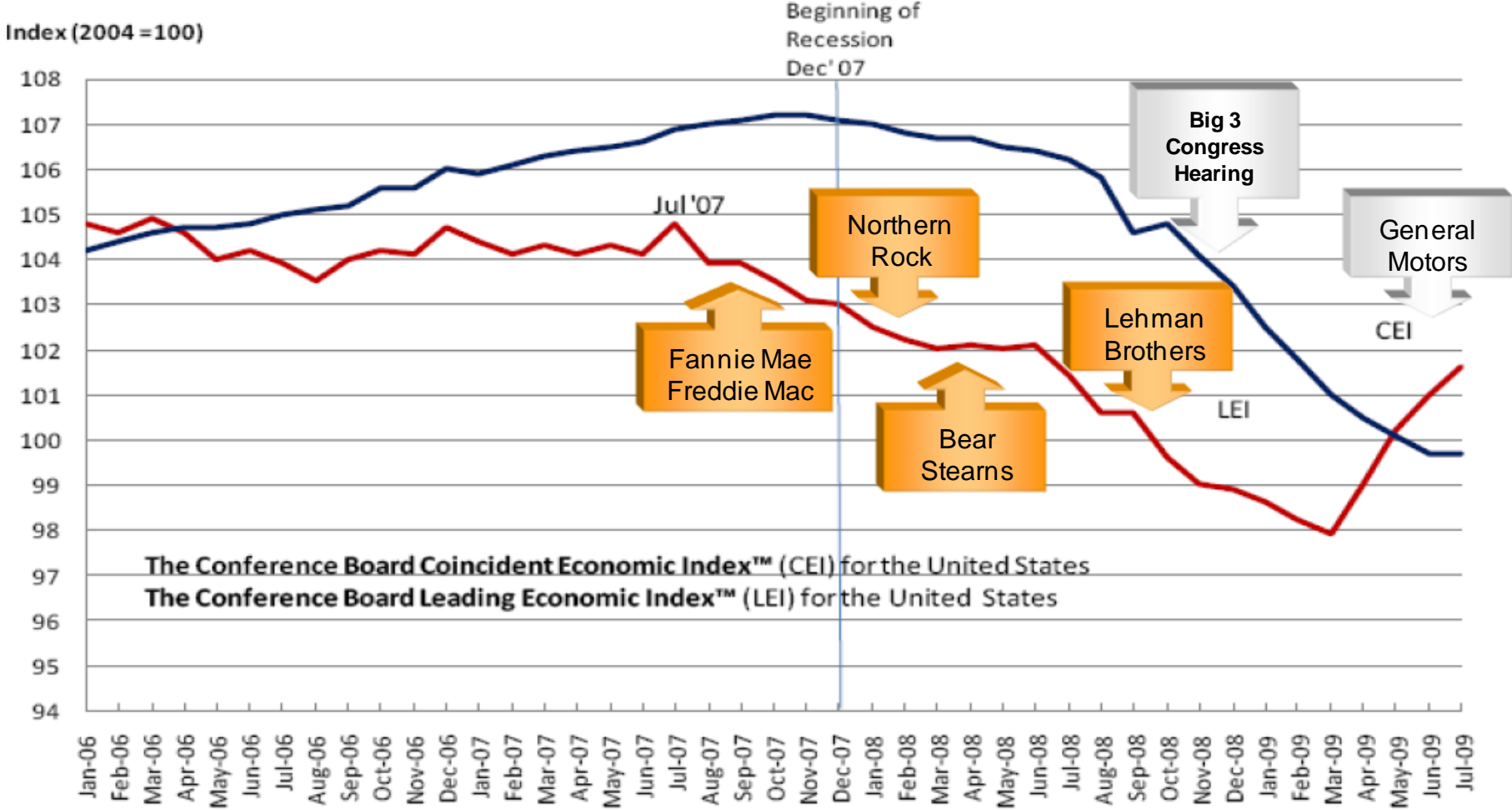


Example of Global Supply Chain

Lead Time:
>120 days - Excluding production!



Economic Crisis – Starting Point



Source: www.conference-board.org



Economic Crisis – Progress

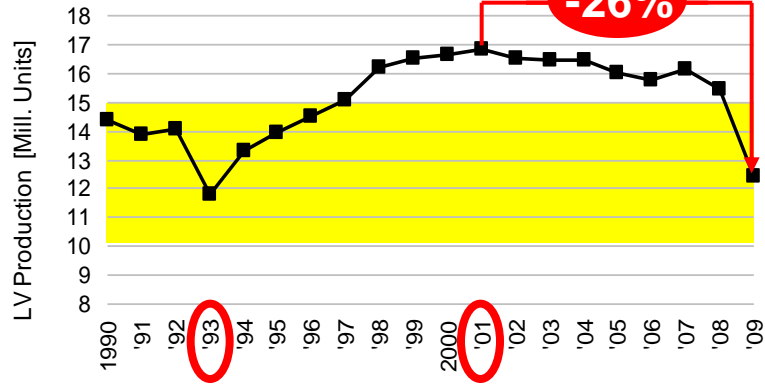
- ▶ Financial crisis lead to a lack of trust between the different banks
- ▶ Banks are still hoarding liquidity to improve their own equity-to-assets ratio to avoid bankruptcy
- ▶ Real economy's credit supply broke down
- ▶ Slump of customer's demand due to uncertain economical future
- ▶ Drop of car selling figures
- ▶ Inventories at OEMs increased rapidly
- ▶ OEMs modified their orders to suppliers to fit to the new production figures

Unsold cars stored at Nissan test track

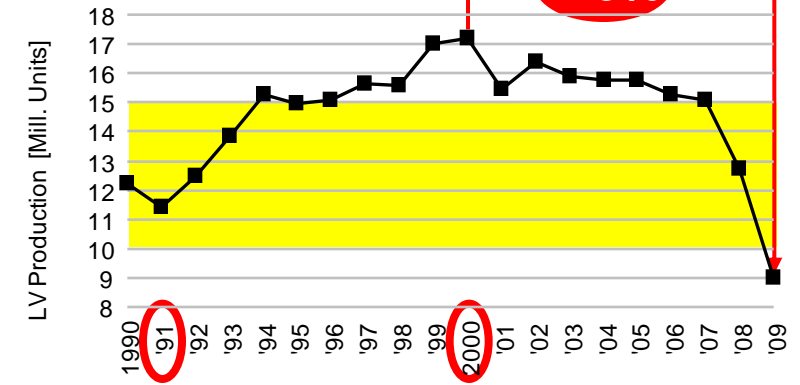


Economic Crisis – Effects: Car production outlook (March 2009)

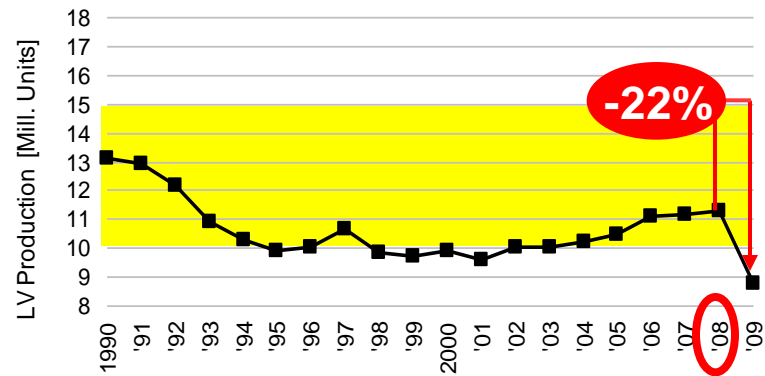
Western Europe



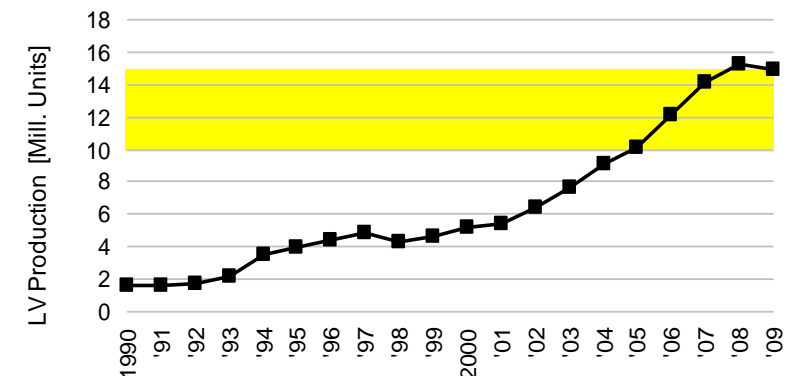
North America



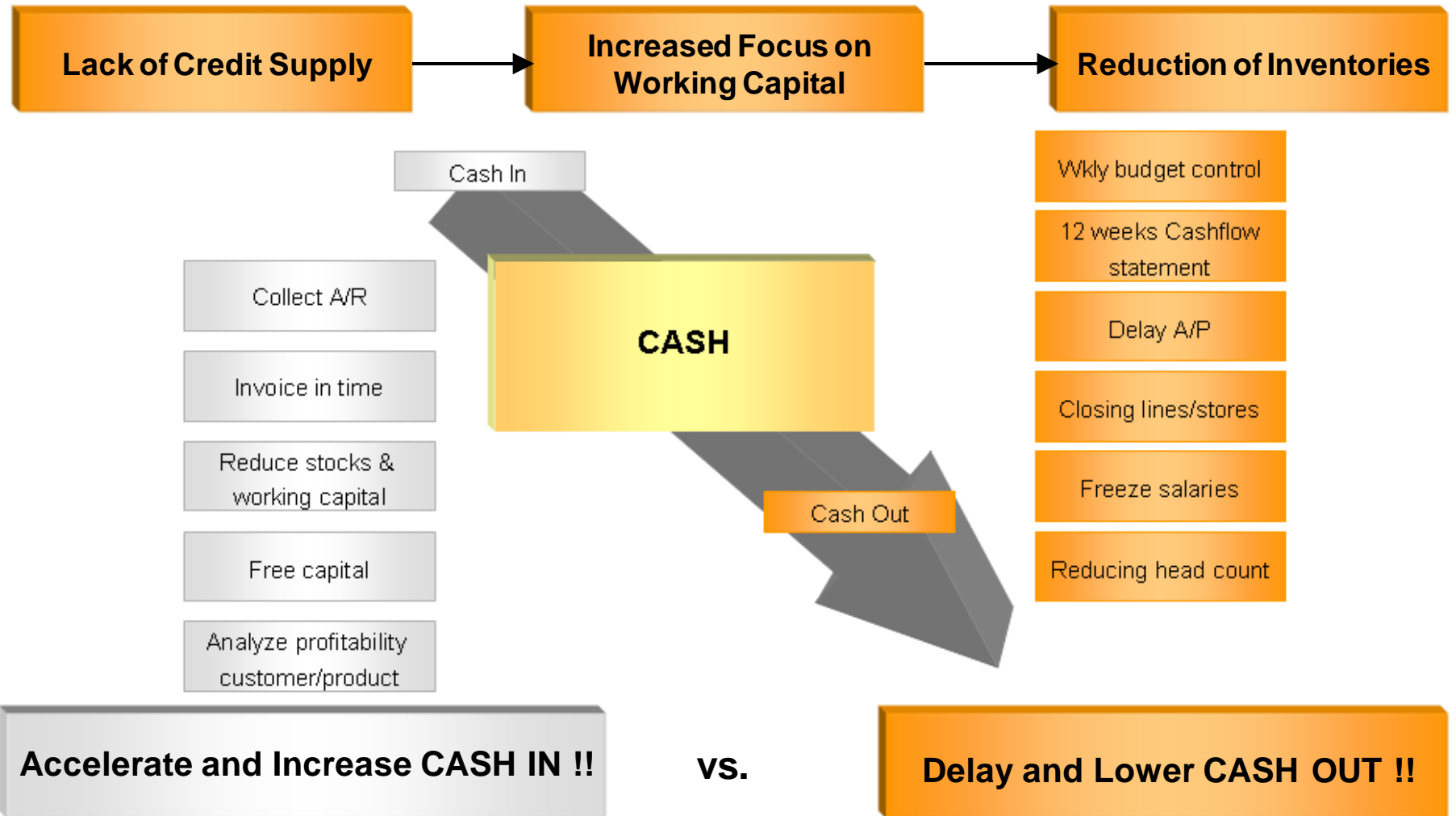
Japan



BRIC

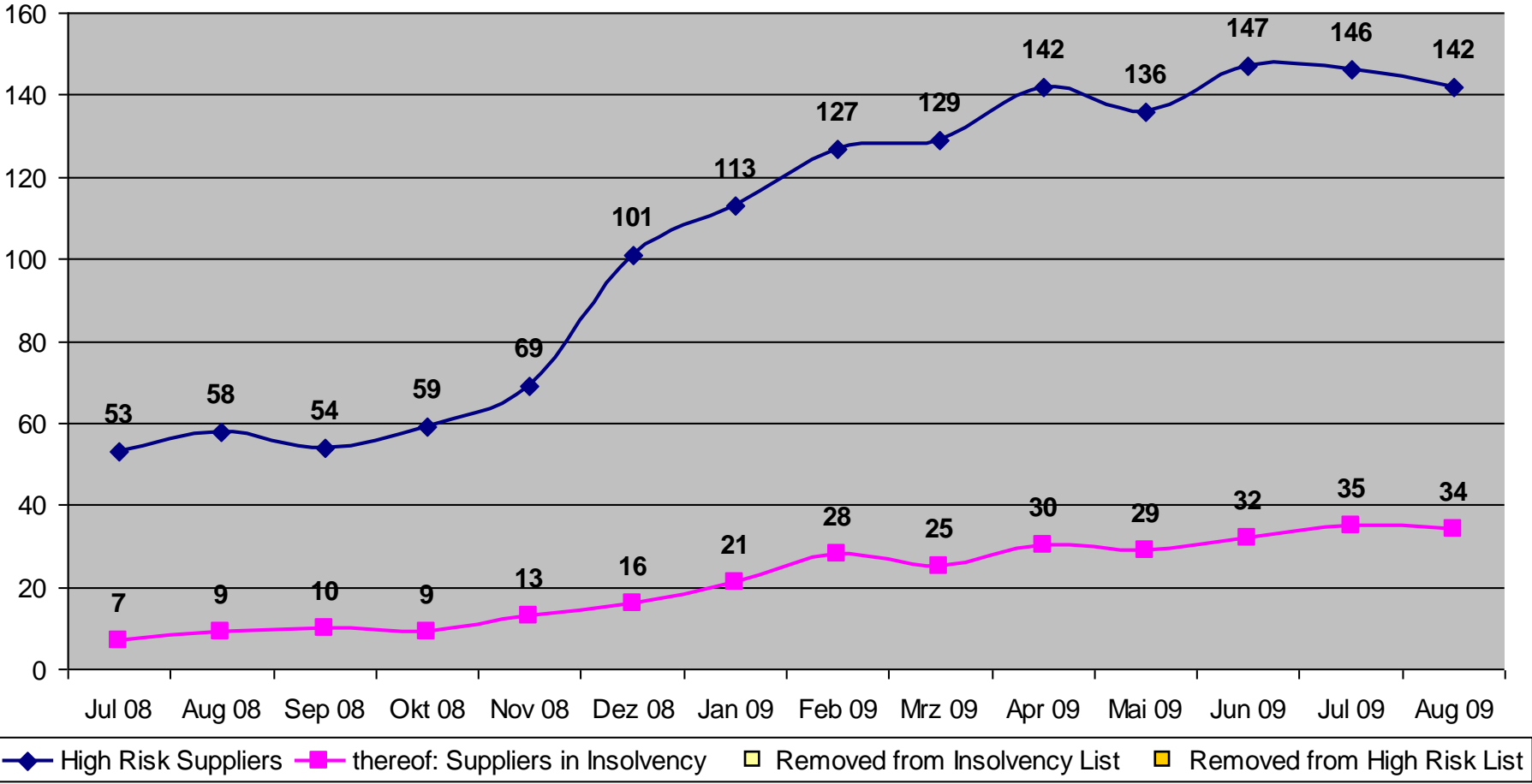


Economic Crisis – Counter measures

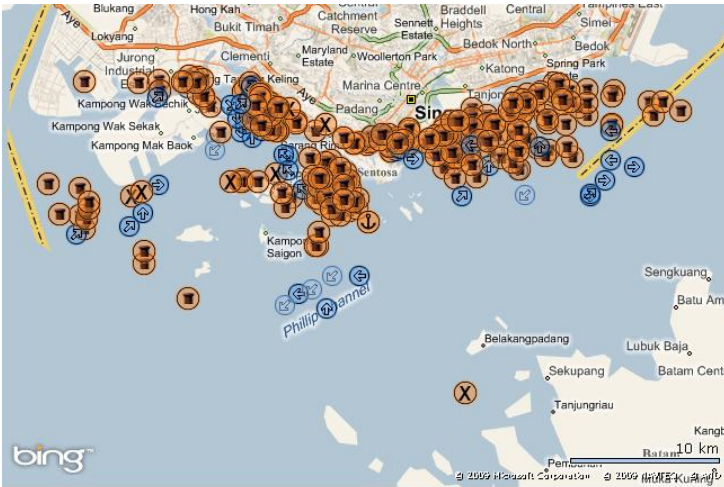


Source: E&PC

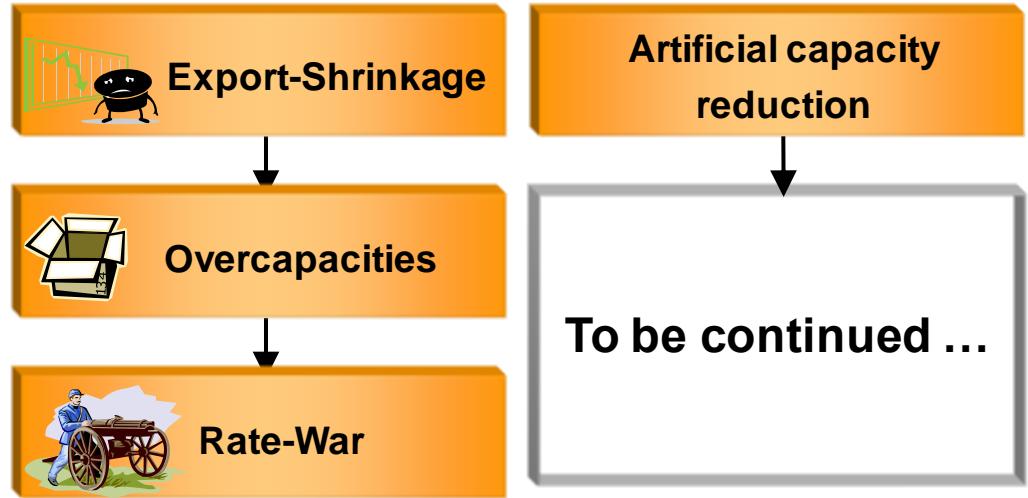
Economic Crisis – High Risk / Insolvent Supplier



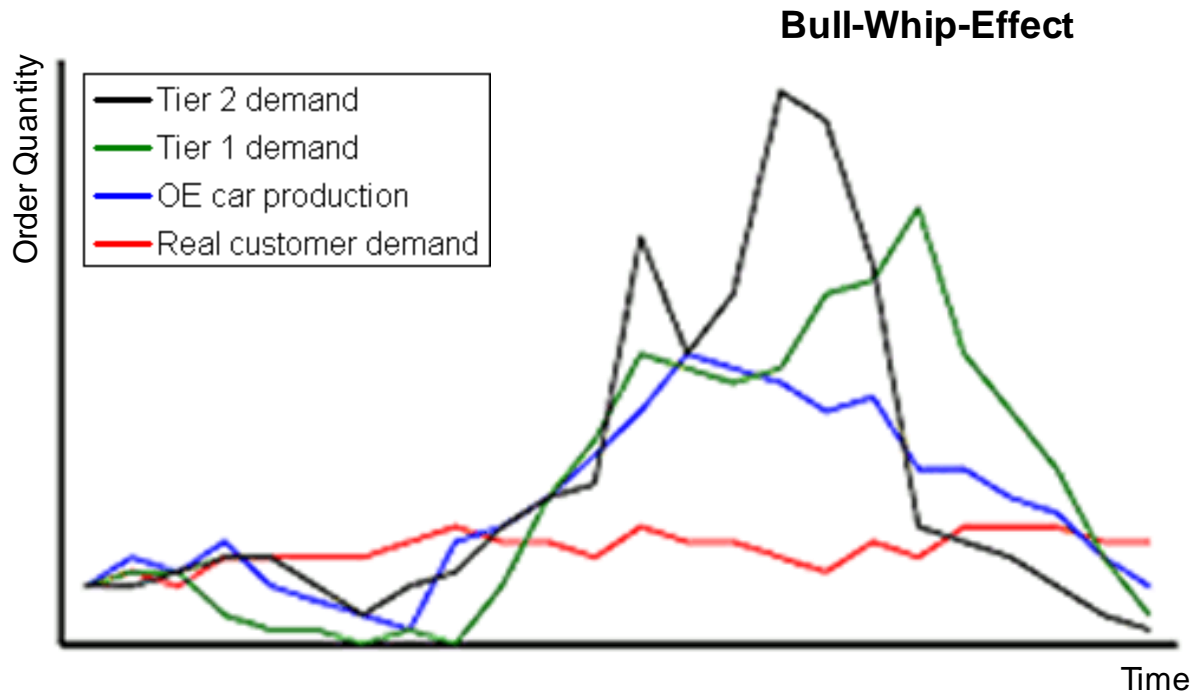
Freight Rates Development – Part I



moving
 at anchor
 moored
 not moving



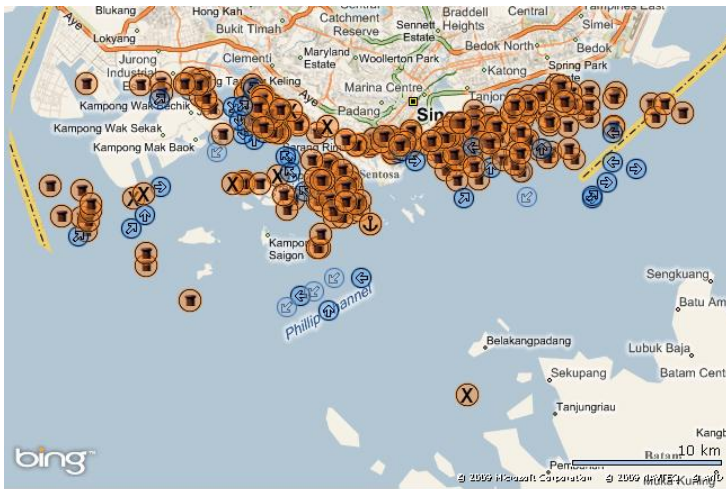
Economic Crisis – Upcoming Issues



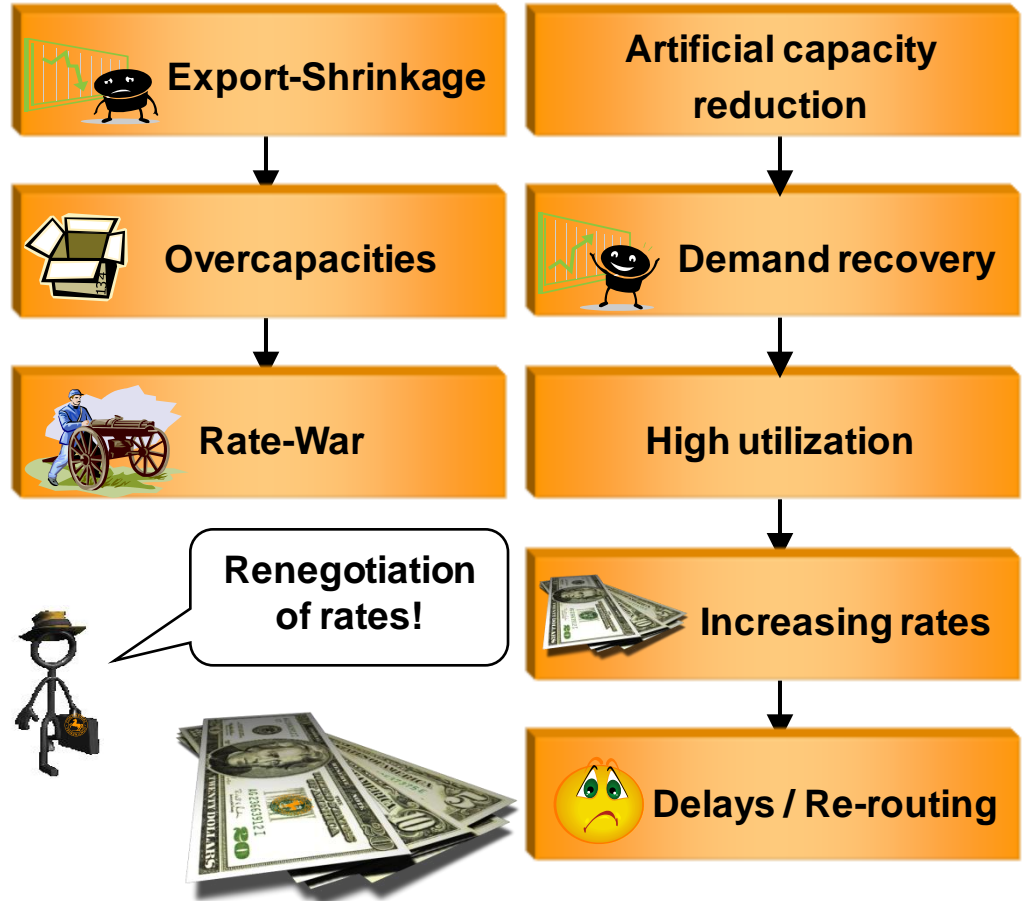
- ▶ Supply Chain empty after WC optimization efforts
- ▶ Signs of recovery lead to filling of new orders
- ▶ Buffered demand increases (safety stock) → Bull Whip Effect



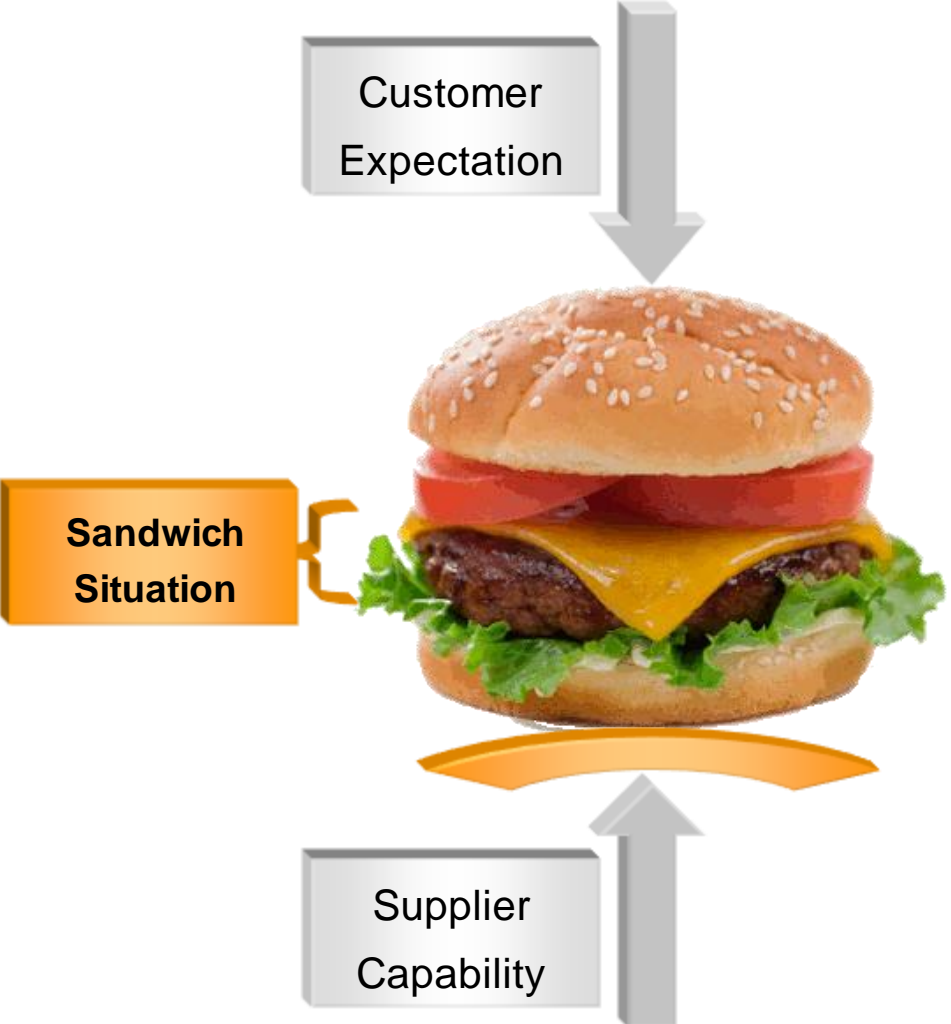
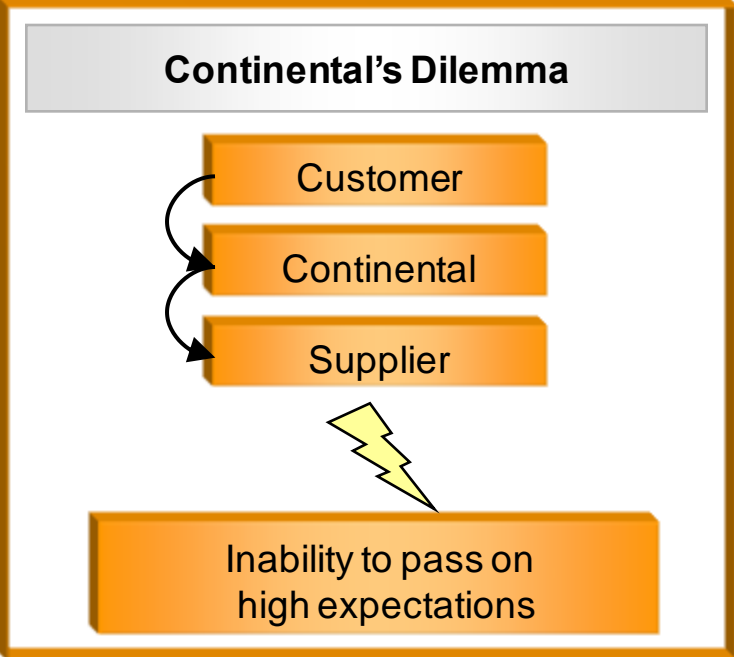
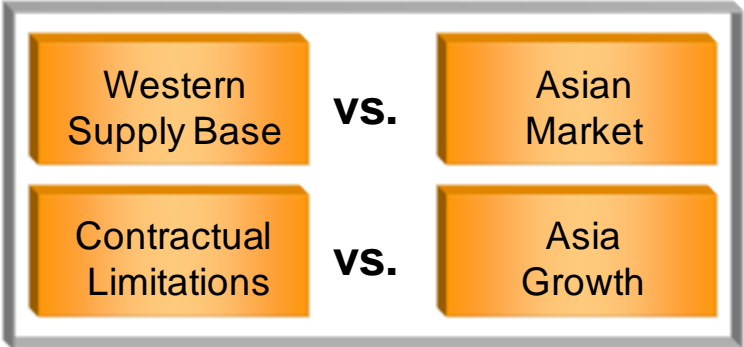
Freight Rates Development – Part II



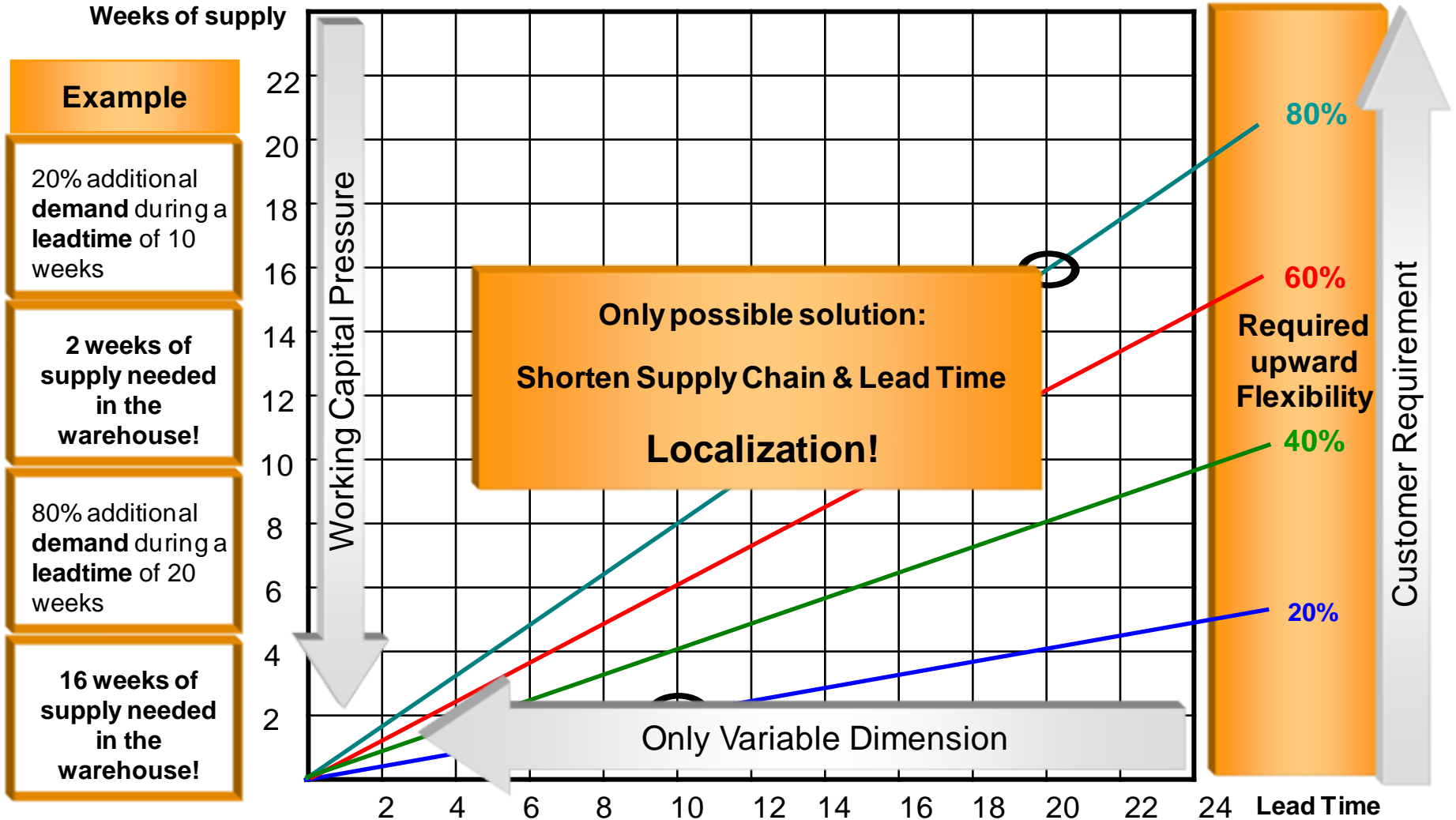
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Cultural Differences – Flexibility is Key !



Calculation of Necessary Bufferstock to Cover Lead Times



Lessons Learned

Flexibility

- ▶ Chaotic Customer call-offs OR Growth driven demand fluctuation

Information Flow

- ▶ Close interaction along supply chain
- ▶ Seamless data exchange (EDI)

- ▶ Permanent tracking of market development (KAM feedback)
- ▶ Quick reaction to upcoming issues
- ▶ 18 Month forecasting (SAP APO)

Forecasting

- ▶ Management Awareness for cultural differences
- ▶ „Think global, act local”

Awareness

Questions & Answers

