



# ***Supplier Development for Supplier Network Transformation***

by Thomas Wenner

VP Supplier Development

International Management & Innovation Group



## Supplier Development

Why is Supplier Development needed?

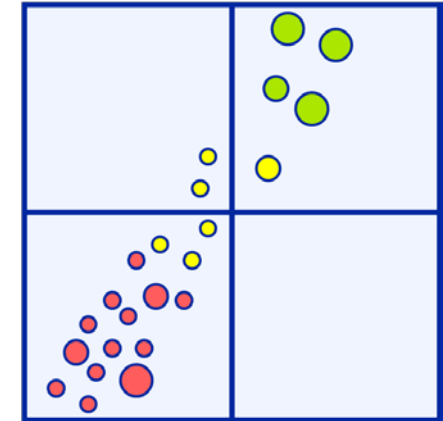
Supplier Development in China

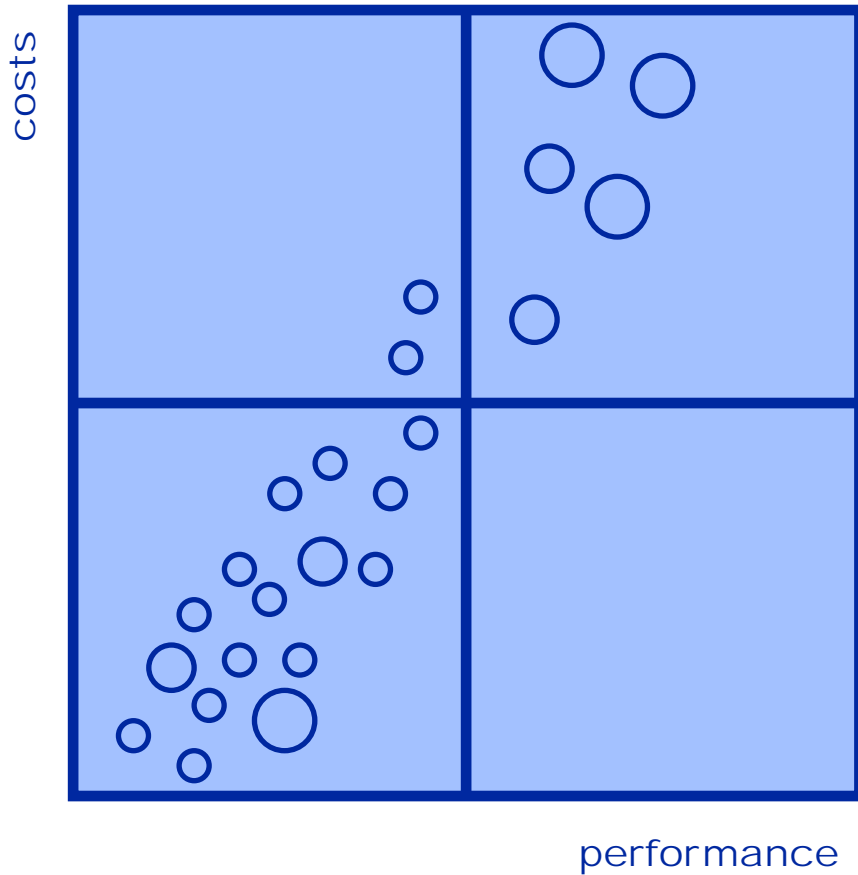
Focus of Supplier Development

Supplier Network Transformation

Tools and Targets for Supplier Development

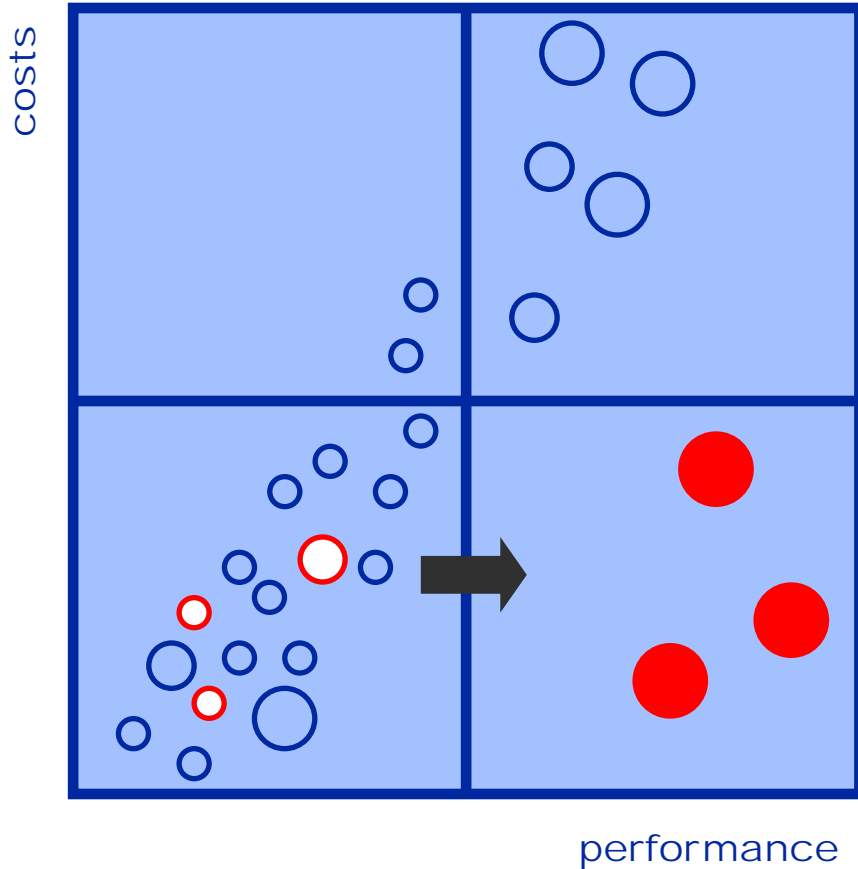
Next Steps in Supplier Development





## Potential Suppliers

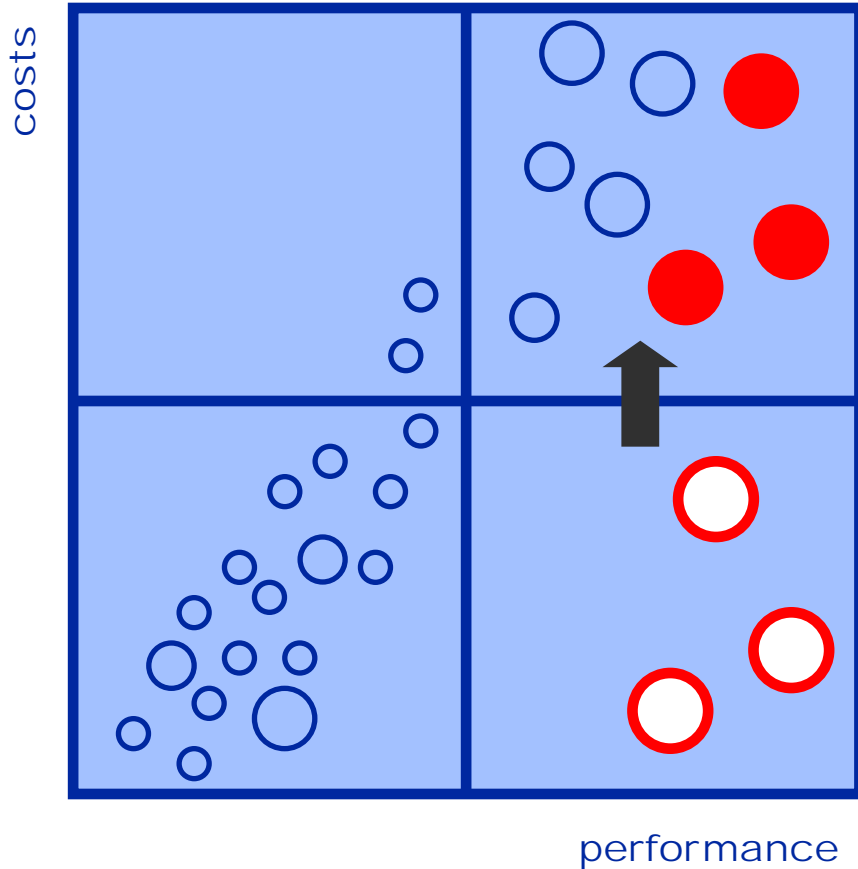
○ ○ ○ Company Size



Supplier development helps the supplier to realize a suitable performance level while maintaining low costs.

○ ○ ○ Company Size

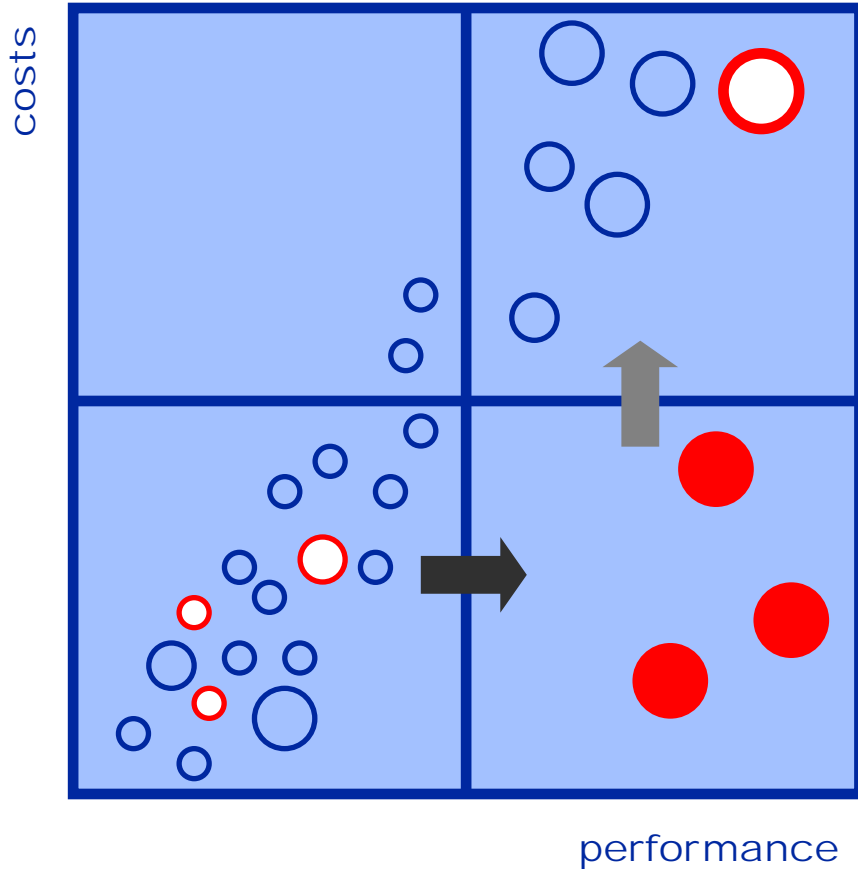
# Long Term Price Impact



A long term tendency is price adaptation by the supplier after establishing a reputation of high performance.

○ ○ ○ Company Size

# Supplier Development



Supplier development must be an ongoing effort to keep a supply base in the target area of low costs and high performance.

○ ○ ○ Company Size



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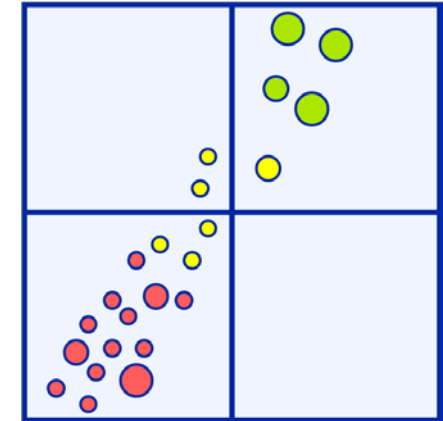
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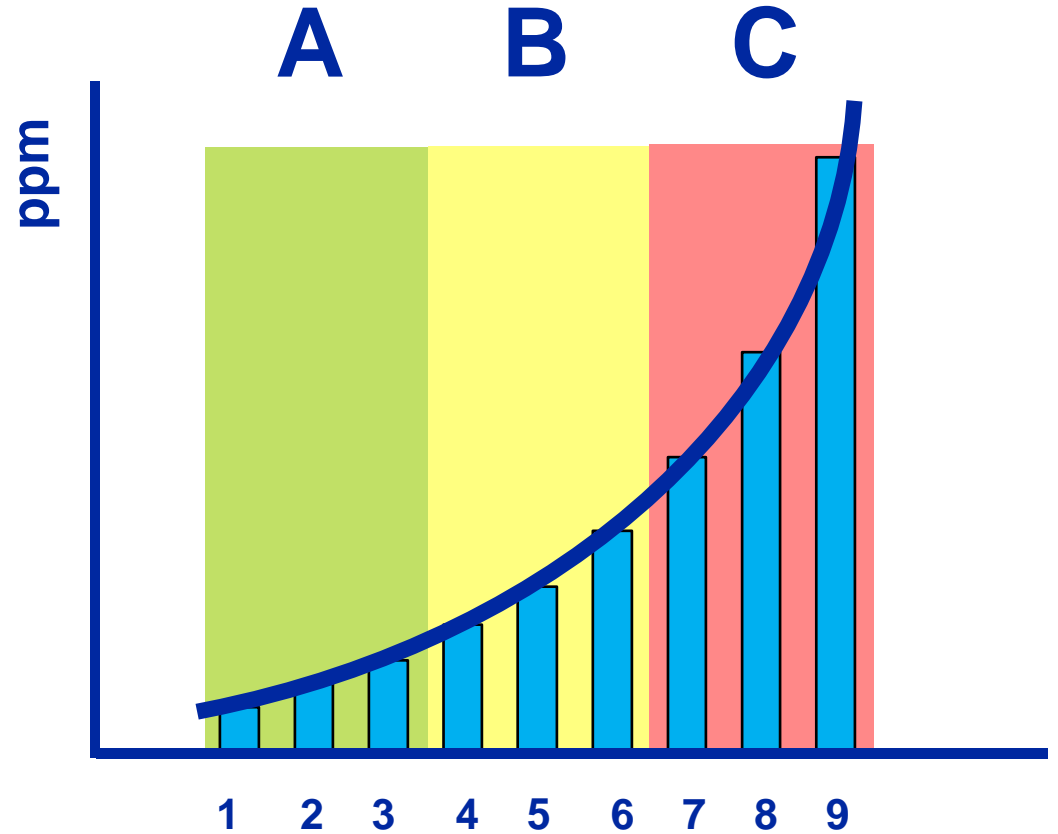
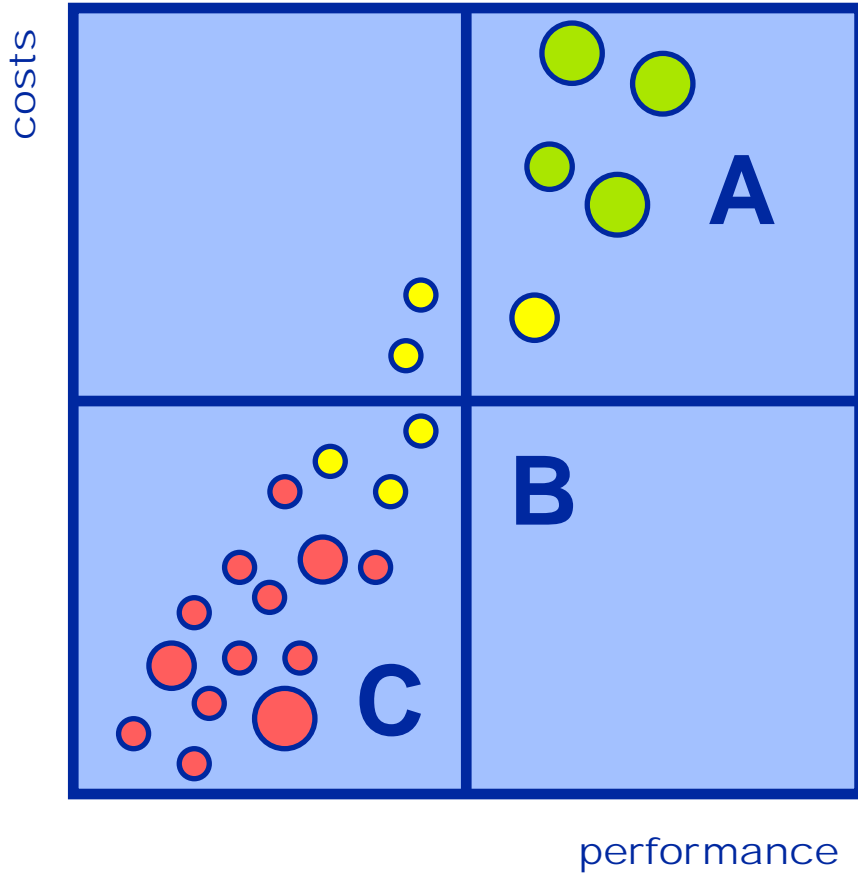
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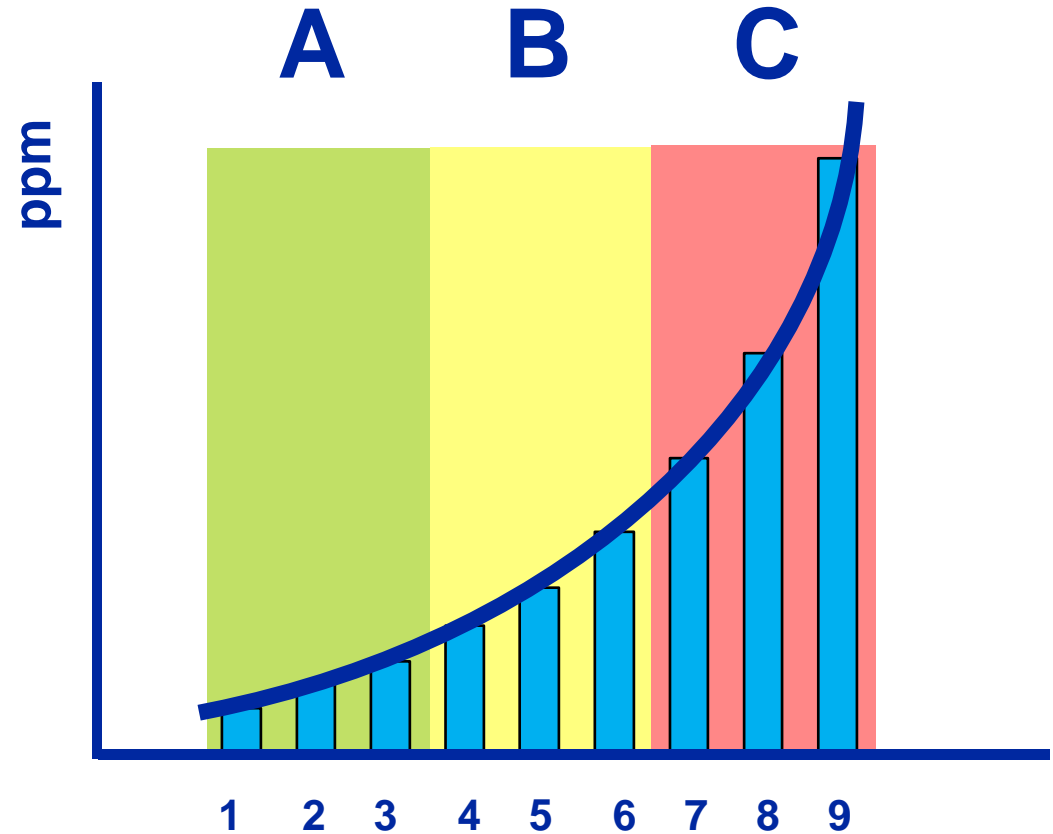
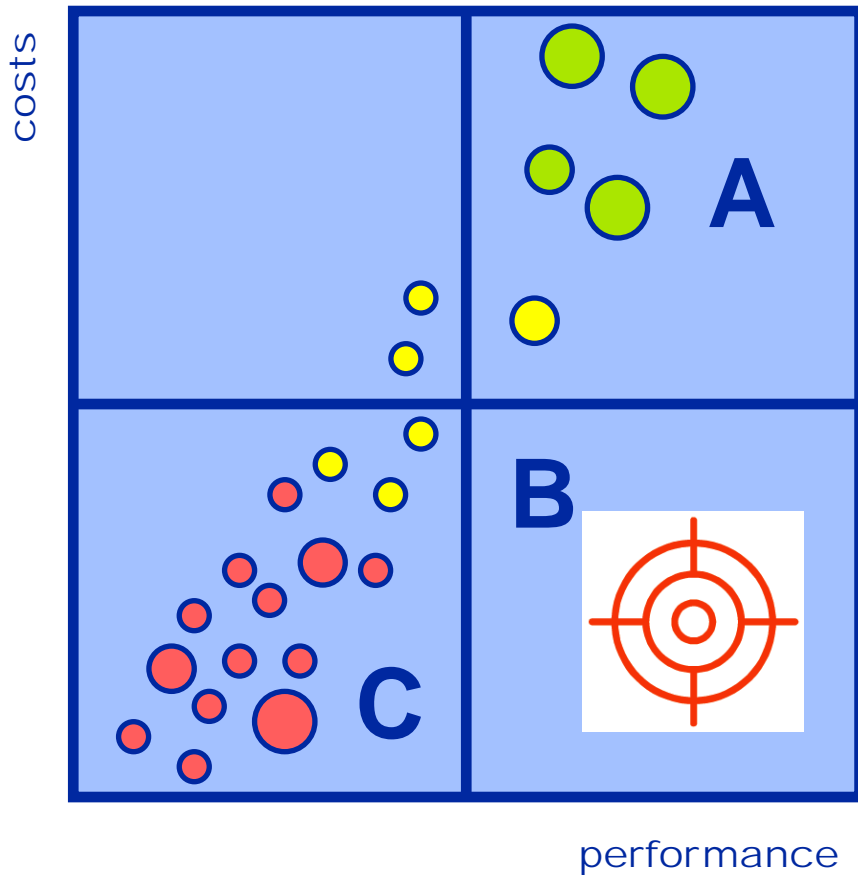


# Typical A-B-C Performance Levels





# Typical A-B-C Performance Levels

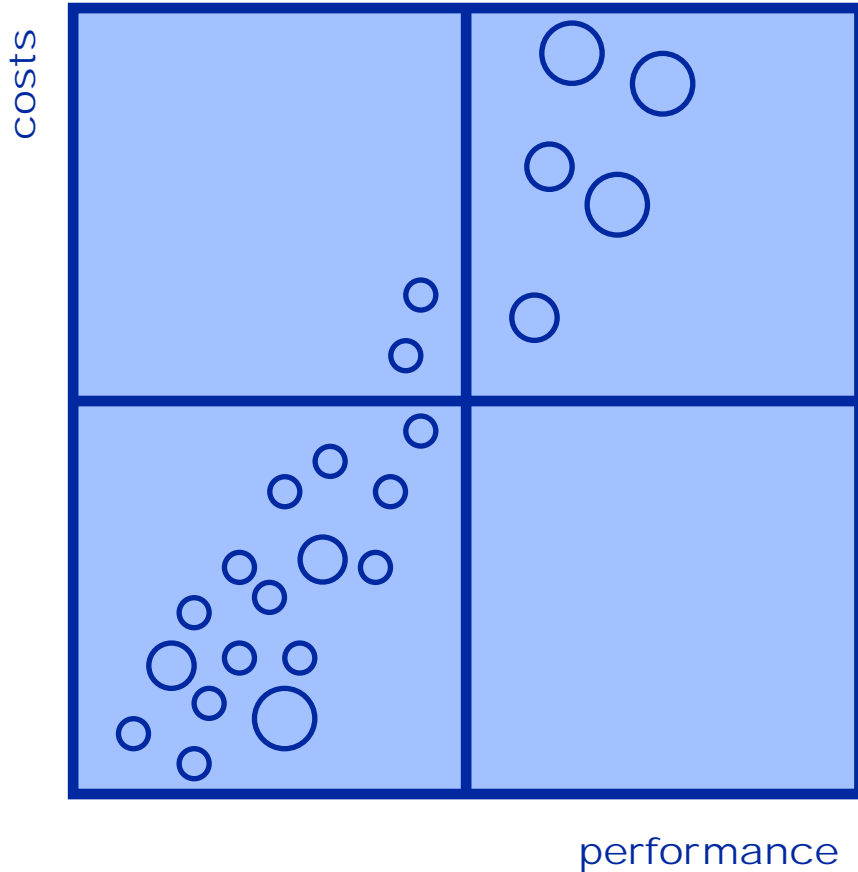


**Target for Supplier Development in Low Cost Countries**

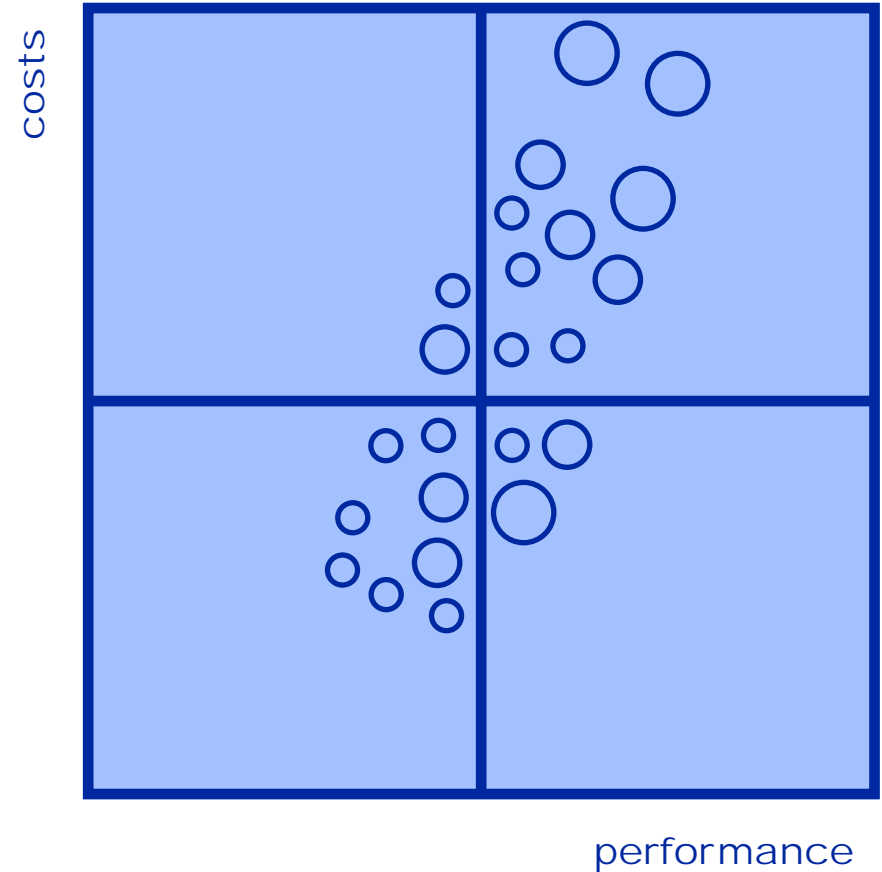
# Development of the China Supply Base



2004



2014

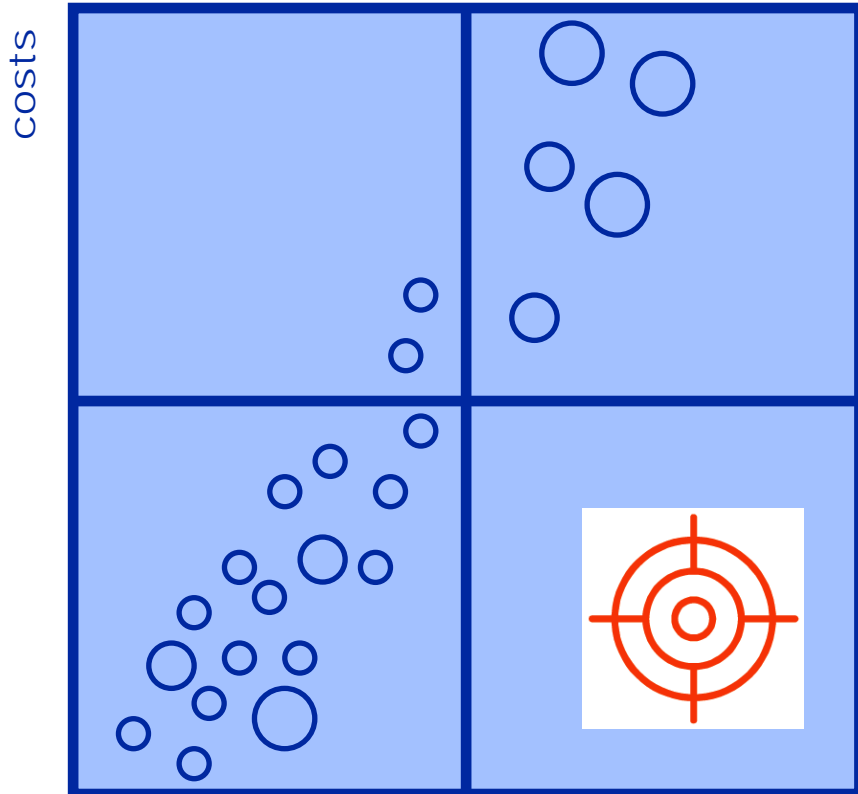


**China is no longer a Low Cost Country!**

# New Targets for Supplier Development

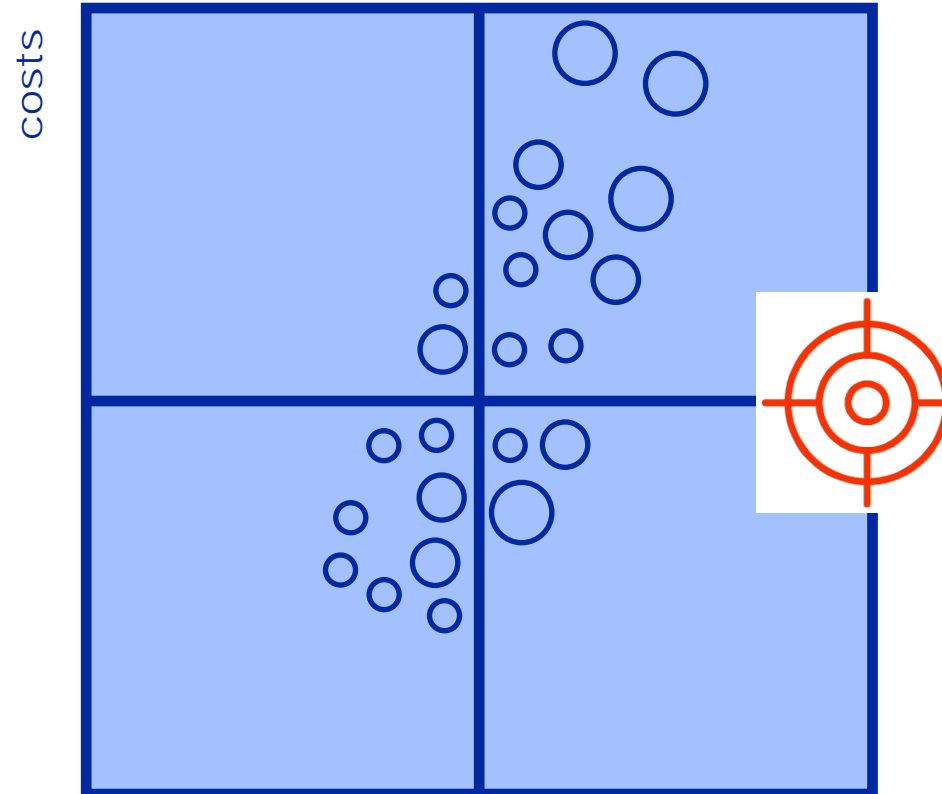


2004



performance  
**acceptable**  
**performance**

2014



performance  
**excellent**  
**performance**



## Supplier Development

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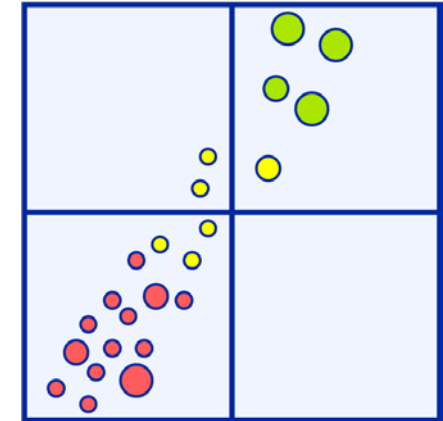
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China Supply Base

# 2004



very attractive material prices  
severe quality problems

China Supply Base

# 2014

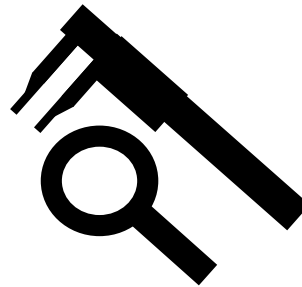


very low productivity  
close to client factories  
close to consumer markets



Supplier Development

# 2004

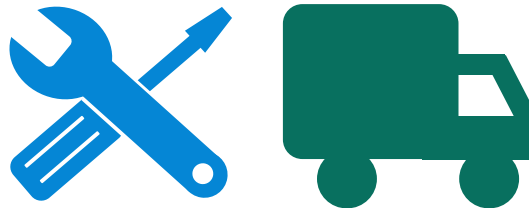


quality

improve quality  
to enable  
LCC sourcing

Supplier Development

# 2014



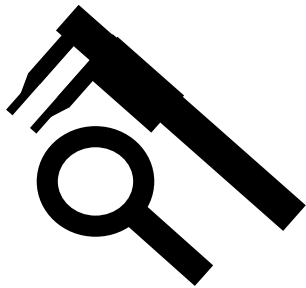
Lean in  
manufacturing & logistics

improve flow  
to enhance  
productivity



## Supplier Development

# 2004



quality

ensuring  
suitability  
of supplier

## Supplier Development

# 2014



manufacturing

creating competitive advantage  
with  
Business Excellence solutions



logistics



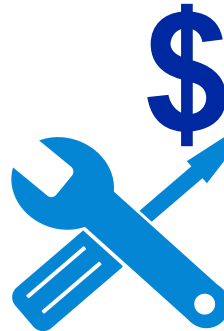
The economic impact of Supplier Development has become much bigger

 economic impact



quality

ensuring suitability of supplier



manufacturing

creating competitive advantage with Business Excellence solutions

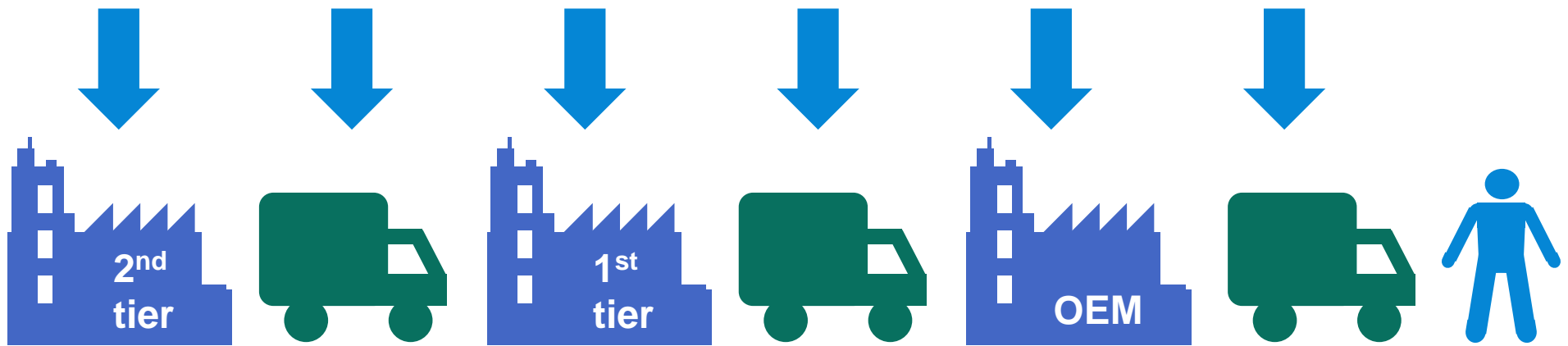


logistics

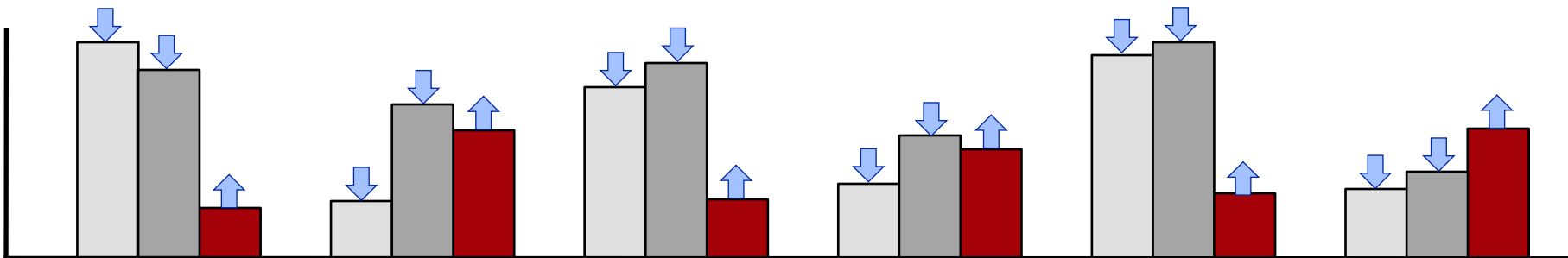
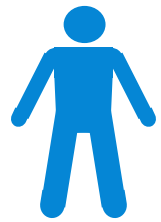
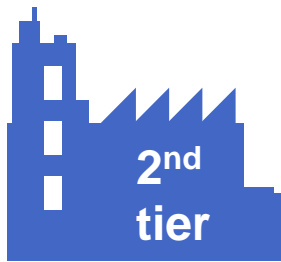
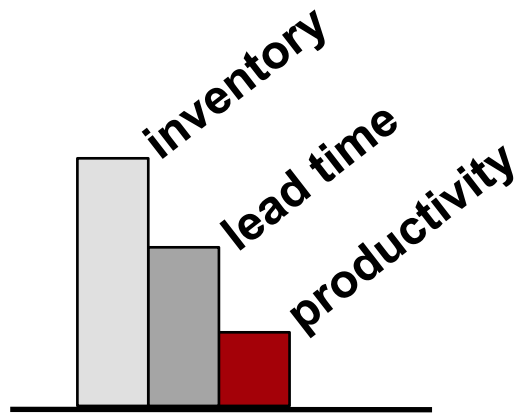




## improvement potentials everywhere



# Lean Improvement in the Supply Chain





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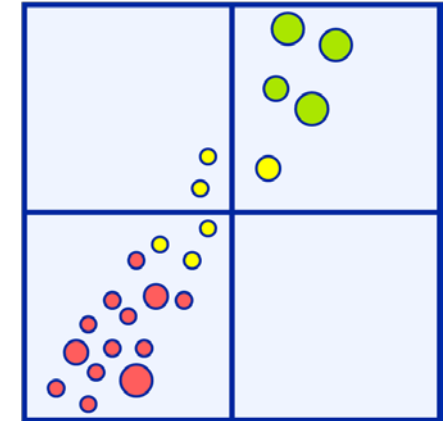
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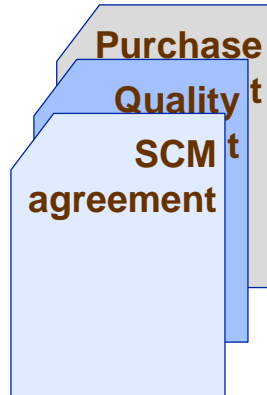
Next Steps in Supplier Development



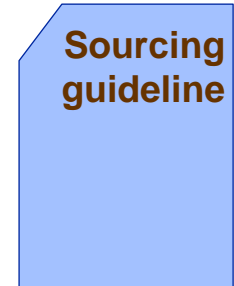
# Supplier Network Transformation Approach



**1**  
define demands  
& sign agreements

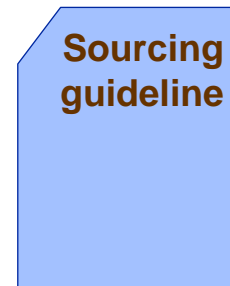


**2**  
audit suppliers  
according agreements



apply audit results in  
sourcing decisions

**4**  
communicate  
sourcing rules  
to suppliers



# Nine Steps to Supplier Excellence



**Convince the  
CEO**

**Convince  
management  
team**

**Assess initial  
performance  
level**

# Nine Steps to Supplier Excellence



**Phase 1  
preparation**

**Convince the  
CEO**

**Convince  
management  
team**

**Assess initial  
performance  
level**

# Nine Steps to Supplier Excellence



**Phase 1  
preparation**

**Convince the  
CEO**

**Develop  
Improvement  
plan**

**Convince  
management  
team**

**Kick-off  
improvement  
project**

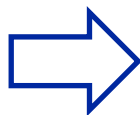
**Assess initial  
performance  
level**

**Train  
participants**

# Nine Steps to Supplier Excellence



**Phase 1  
preparation**



**Phase 2  
start**

**Convince the  
CEO**

**Develop  
Improvement  
plan**

**Convince  
management  
team**

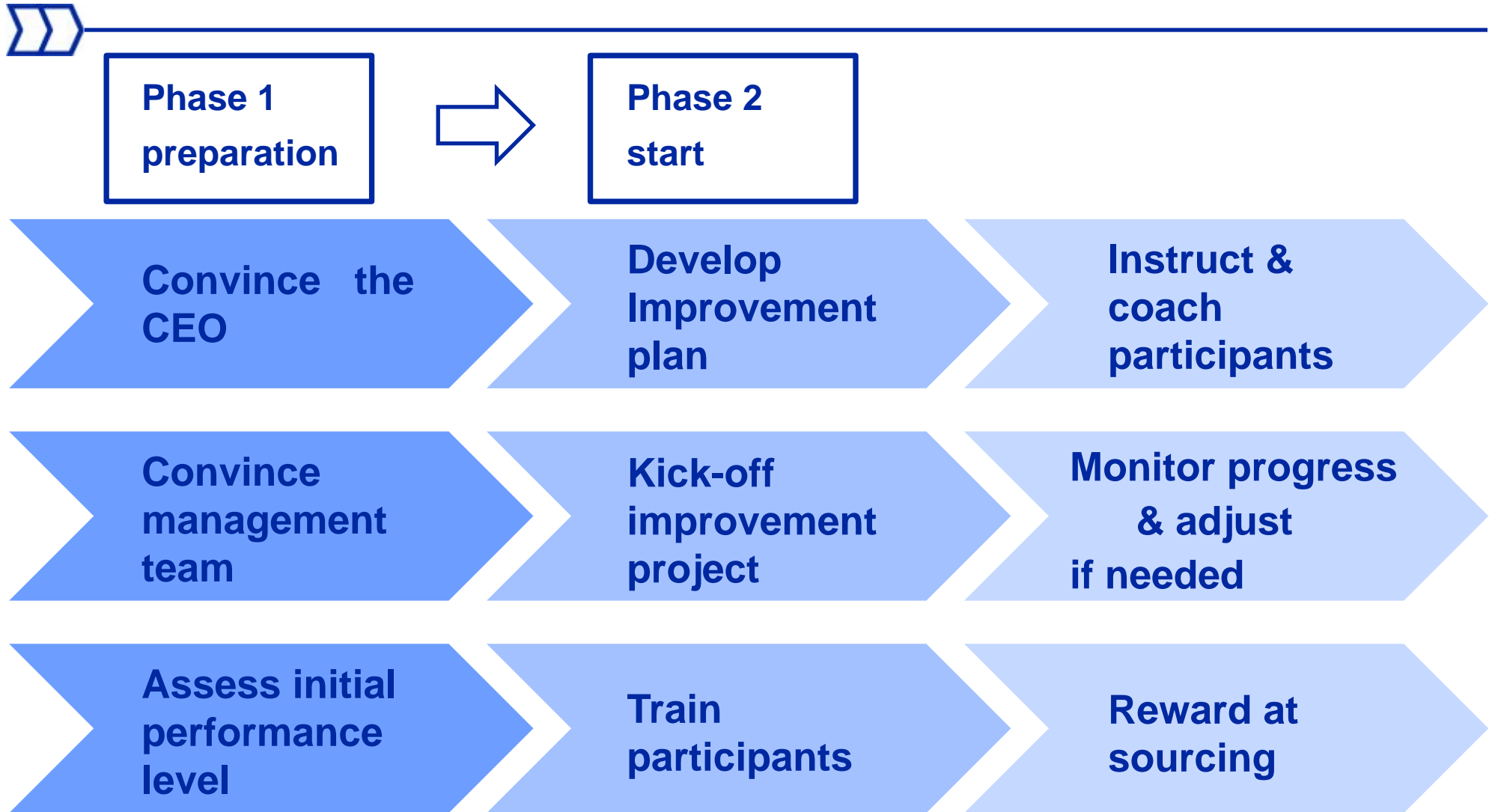
**Kick-off  
improvement  
project**

**Assess initial  
performance  
level**

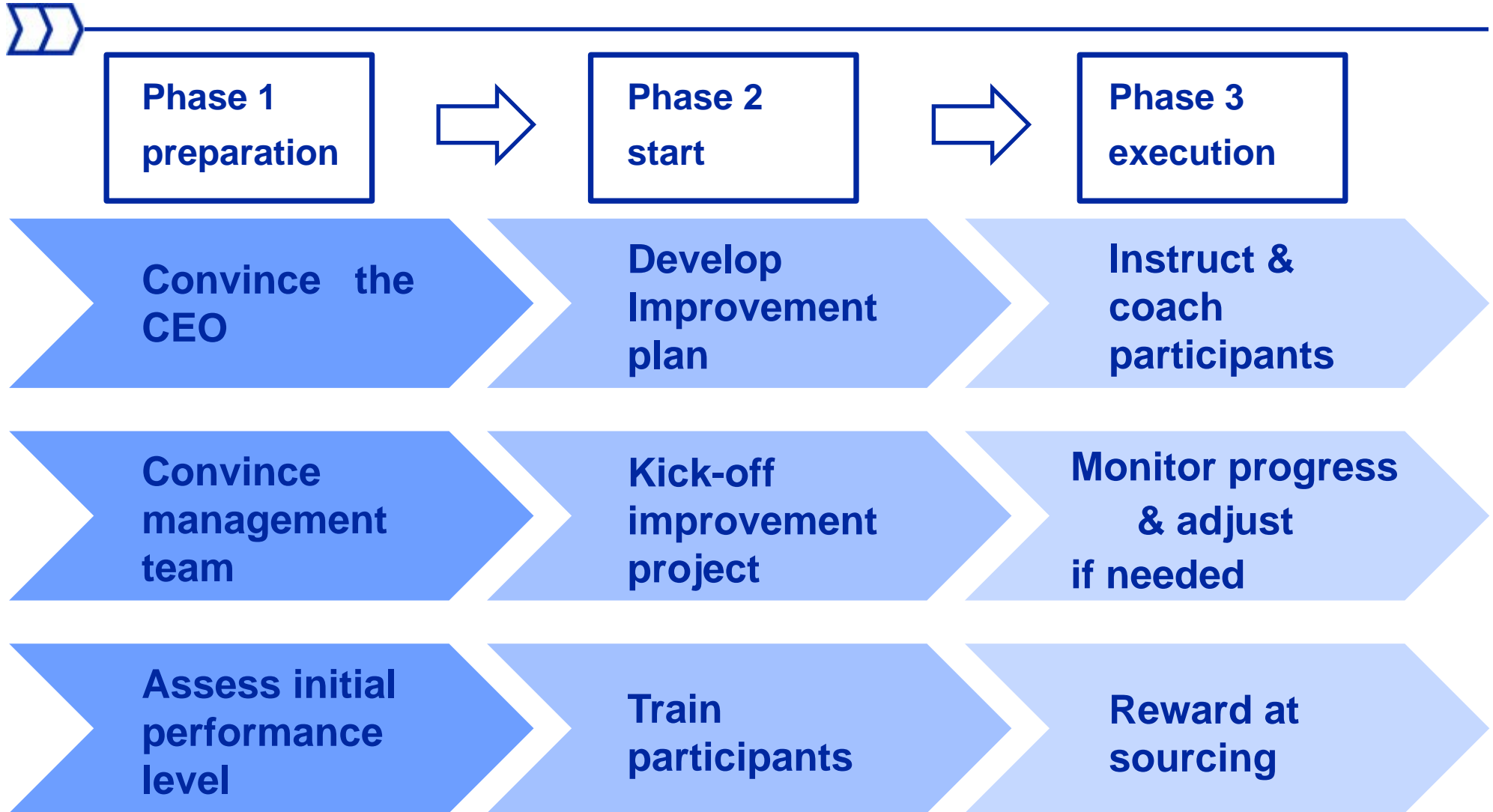
**Train  
participants**



# Nine Steps to Supplier Excellence



# Nine Steps to Supplier Excellence





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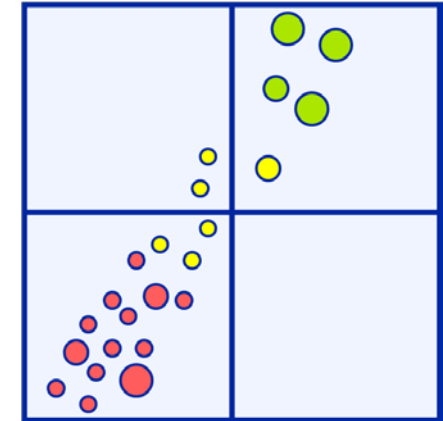
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# The Way to Supplier Excellence



# The Tools for Supplier Excellence



1

Asia Supplier Day 2014  
Lean Supply Base  
Production Simulation

Push Pull

Supplier Day



6

Supplier Academy



3

Quality & Lean

Supplier Development Team

5

Supplier Excellence  
Project Review

customer IMIG

Steering Board

4

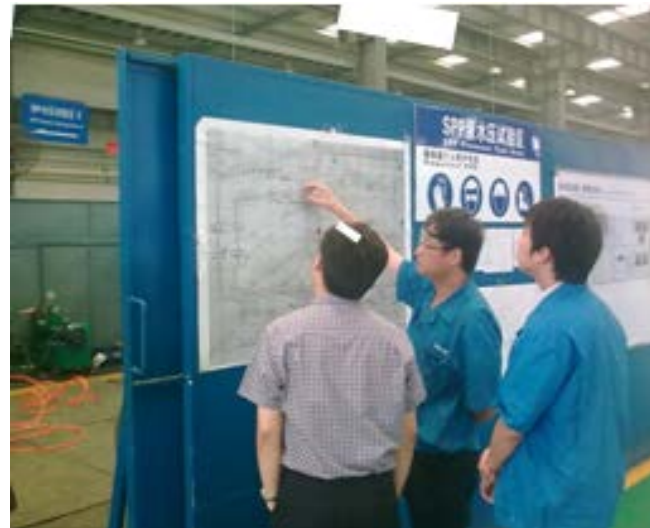
Simulation

HAMITO  
We help to see

Lean Awareness Workshops

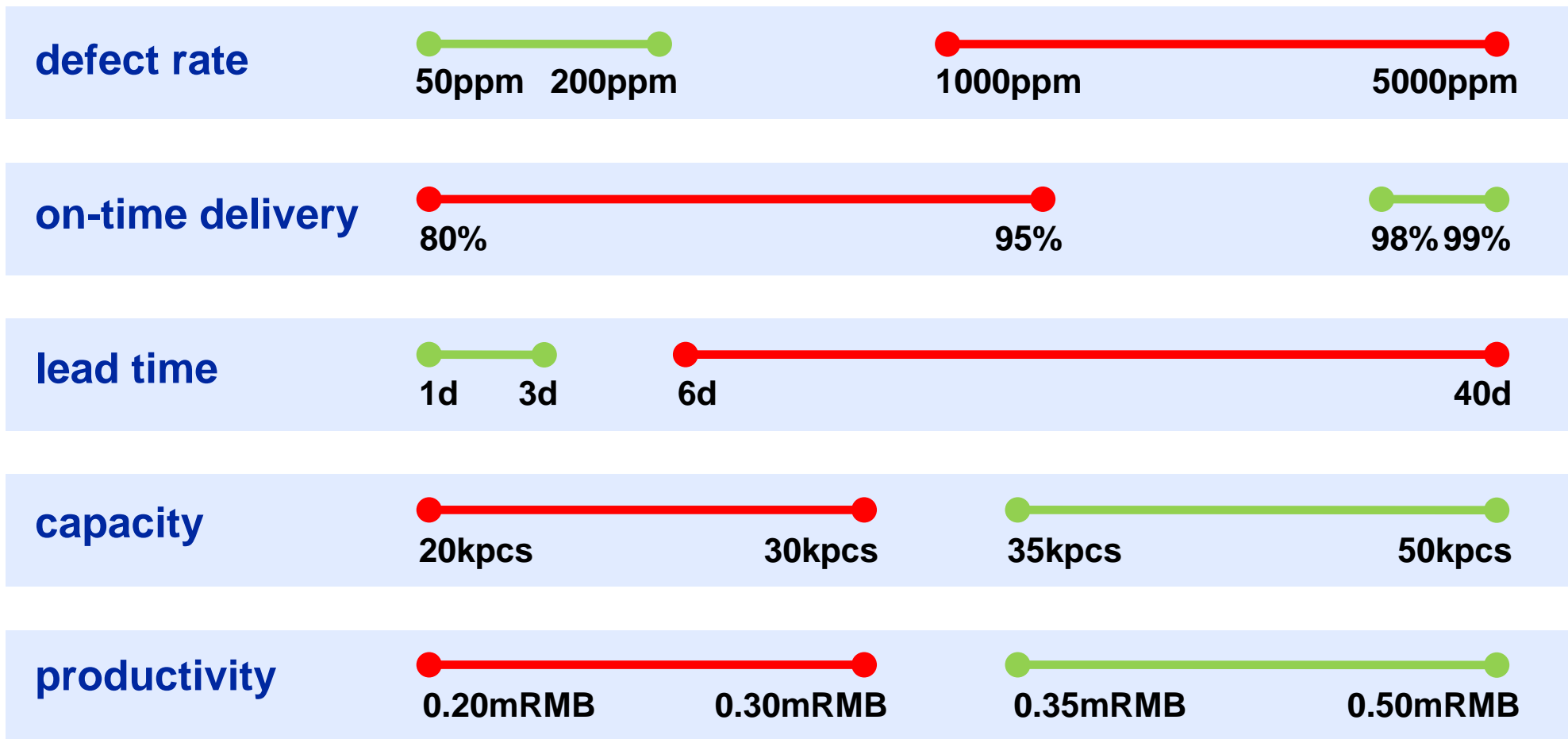


- factory assessment
- training seminars
- KPIs and continuous monitoring
- implementation & coaching
- regular reporting to steering board
- final assessment



**typical  
project duration  
6 – 12 months**

# Typical Supplier Development Targets





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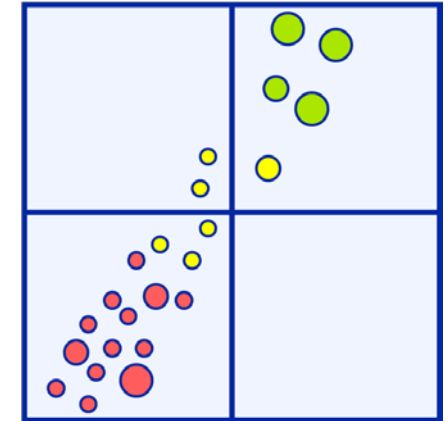
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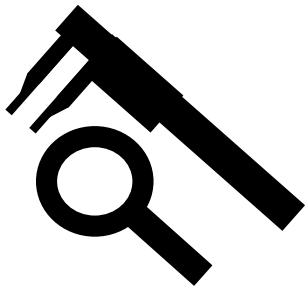
Next Steps in Supplier Development







and what comes next ...



quality



manufacturing

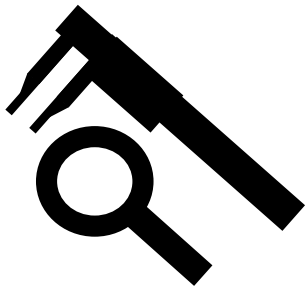


logistics





and what comes next ...



quality



manufacturing



logistics

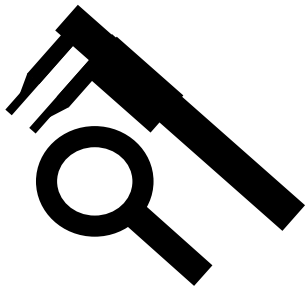


sustainability





and what comes next ...



quality



manufacturing



logistics



sustainability



compliance



safety



environment



social  
responsibility

# Do You Want to Know More? Contact us Here:



**Thomas Wenner**  
Vice President  
Supplier Development  
+86 (21) 6355 5851  
+86 136 0177 2540  
[thomas.wenner@imig-china.com](mailto:thomas.wenner@imig-china.com)

## INTERNATIONAL MANAGEMENT & INNOVATION CONSULTANCY

885 Renmin Road, Huaihai China Tower, Suites 2106–2107,  
Huang Pu District, Shanghai, 200010, P.R. China

P: +86 (21) 6355 5851 • F: +86 (21) 6355 5850 • E: [info@imig-china.com](mailto:info@imig-china.com)