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Publisher All about Sourcing

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SOURCINEERING – Purchasing & Engineering



- Sum of added value of purchasing
- Optimization lever
- Supplier and parts consolidation



What is SOURCINEERING?



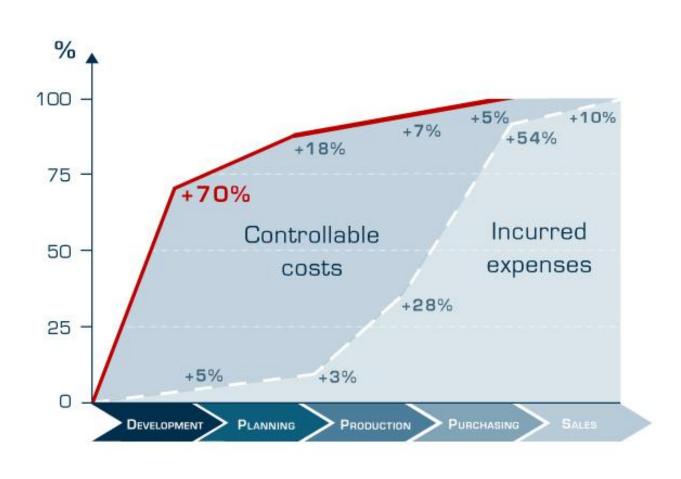
What is SOURCINEERING?

SOURCINEERING is made up of the English terms **Sourcing** and **Engineering** And aims at coordinating purchasing and construction.

The use of the formal methods for Planning
Analysis
Design and
Construction of information systems at company-wide basis,

which can build up on one another and und in are somehow dependant on each other are supplemented by the sourcing of operative and strategic tasks in the company.







Einkaufsleiter erwarten vor allem eine stärkere Einbindung ihrer Abteilung in Entwicklung und Produktion, Preisdruck und steigende Energiekosten

Es gehen von folgenden Entwicklungen in den nächsten 10 Jahren aus -Es wird wichtiger, den Einkauf stärker in die 93 Produktentwicklung und Produktion einzubinden Zunehmender Preisdruck, Produktion zu immer 85 geringeren Kosten Steigende Energiepreise 78 Restriktivere Kreditvergabe der Banken 74 Zunehmende Konkurrenz beim Einkauf durch 68 neue, aufstrebende Märkte Zunehmende Produktpiraterie 67 57 Steigende Qualitätsansprüche der Kunden Steigende Transport- und Logistikkosten 51 Es werden weniger qualifizierte Fachkräfte 47 auf dem Arbeitsmarkt zur Verfügung stehen Rohstoffe, wichtige Ressourcen werden knapp 46 Basis: Bundesrepublik Deutschland; Einkaufsverantwortliche in großen Unternehmen der Maschinenbauindustrie

Basis: Bundesrepublik Deutschland; Einkaufsverantwortliche in großen Unternehmen der Maschinenbauindustrie Quelle: Allensbacher Archiv, IfD-Umfrage 5290, Juni 2010



Which approaches and methods – the so-called levers – would the industial companies have, in order to improve their purchasing power?

We differentiate between the three types:

1) Business lever

The business levers highlight, in simplified form, where a company purchases and whether said company's purchasing power bundles across the entire company in order to improve conditions, for example.

2) Technical optimization lever

The technical optimization lever is used to question what is purchased, for example how many variants of a product.

3) Lever for supplier chain

Levers along the supplier chain ask for the "How" of purchasing and concern themselves with management of supplier relations, for example.



What lever effects does Sourcineering offer?



Optimization lever with Sourcineering

The least used levers with savings potential between 6 and 10 percent:

- 1. Reduction of product variants
- 2. Make-or-Buy decision
- 3. Redesign-to-Cost



Optimization lever with Sourcineering

- ✓ Define preferred parts/suppliers (avoid Maverick Buying or coincidental purchases)
- ✓ Find the best supplier (find and jot down requests)
- ✓ Joint supplier selection (engineering and purchasing make joint decision)
- ✓ Supplier transparency
- ✓ Make offers to control engineering decision to control comparable
- ✓ Leave supplier alternative open (through STANDARDS for purchased parts)
- ✓ Global suppliers (to leave relocation possibility open)
- ✓ Supplier consolidation (and thus optimization of logistic process)
- ✓ Knowledge database to purchased parts
- ✓ Digital reference model for a rough cost analysis



Practical example with BMW Group - Valtech

Challenges:

Redesign of processes and the system support in repeated parts management

Goals:

Goals were

- → relieve employees in development,
- →optimization of solutions as well as
- →the realization of scale effects in processes and purchasing through a higher equal parts quote.

The process includes internal and external developers and secures their adjustment with purchasing, assembly and production.



Practical example BMW Group - Valtech

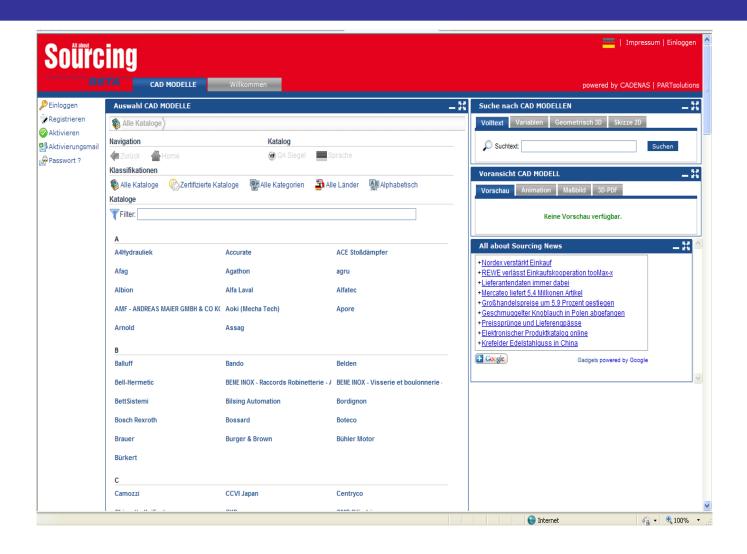
Solution:

Create an internal service organization (network of members of the standard parts site and the development departments)

Results and Use:

- → Realization of purchasing potentials through scale effects and bundling of supplier inquiries
- → Reduction of process costs and realization of potentials in production and assembly through repetition effects
- → Optimization of constructive solution quality through know-how bundling







Thank You!