

“Kaufteilleiterkreis” Meeting on May 22, 2009

The “Kaufteilleiterkreis” (Purchasing Leader Circle) Meeting was held by the VDA QMC (Quality Management Center of German Automobile Industry Association) in cooperation with CHINA EUROPE INTERNATIONAL BUSINESS SCHOOL (CEIBS) on May 22, 2009 on Shanghai campus. 21 participants from both practice and academia attended the meeting. Among them are purchasing and quality leaders from renowned German automotive manufacturing companies, senior consultants and professors and researchers from CEIBS.



Time: May 22, Friday, 13:30 – 17:00 o'clock,

Location: Academic Center 1, CHINA EUROPE INTERNATIONAL BUSINESS SCHOOL (CEIBS)

Participants: Prof. Tom Callarman (CEIBS), Dr. Martin Lockstroem (CEIBS), Waldemar Pfoertsch (CEIBS), Jeffrey Mock (ME), Ming Xie (ME), Joachim Schadel (SMI), Oliver Haase (BMW), Bin Huang (Bosch), Andreas Abbing (Bosch), Dr. Heirich Kuhn (Bosch), Dr. Guido Maune (ZF), Thomas Roesler (ZF), Stefan Magirius (GKN), Raymond Brady (Ingenics), Clemens Saur (KUGLER MAAG), Lee Shinn Jong (KUGLER MAAG), Helmut Stein(VDA-QMC), Wanmei SU(VDA-QMC).

Meeting:

1. Campus tour and Introduction of CEIBS – Claudia Schäfer

- CEIBS is the leading China-based international business school and a centre of excellence in business management and research within Asia and worldwide.
- CEIBS was established in 1994 in Pudong/Shanghai as a joint venture under an agreement between MOFTEC and the European Commission

2. “Supplier Integration Excellence” – Dr. Martin Lockstroem

- The study investigated the following aspects of the Chinese automotive industry: Current state

of supplier integration; Challenges to supplier integration; Collaborative supplier capabilities; Enablers and disablers of supplier integration.

- Status of domestic suppliers in joint production planning and product development in China remains a relatively low extent and demands development.
- Collaborative R&D- Early supplier involvement
- A change of quality mindset, organizational management and processes among suppliers for a long-term success in the automotive industry

Q&A: This topic and further data from Chinese suppliers' perspective are wished and now under investigation.

3. “ International Car Distribution Program (ICDP)” – Prof. Tom Callarman

- ICDP is an international organization carrying out research and providing strategic advice, specializing in the automotive sector. Its collaborative programs investigate all aspects of vehicle distribution, including the supply and retailing of new and used vehicles, after sales, network structures and operations. The program was founded in 1994, and has teams operating in the UK, Germany, France, Italy, Spain, China, Australia and the USA.
- ICDP China investigates ways for participants in vehicle distribution to achieve systematic improvements in value delivered to customers

4. „Marketing in the Chinese Automotive Industry: How Consolidation Will Shape the Future“ – Prof. Waldemar Pfoertsch

- In 2010, there will be a new “CONSTELLATION” as China grows with the new markets in Russia and Central America
 - Passenger Car Market 2010 in units: Europe: 13 million, US/Ca : 11 million, Japan : 6 million, China : 10 million, Korea : 3 million, Others : . 29 million, Total : 72 million.
 - Passenger Car Market 2005 in units: Europe: 13 million, US/Ca : 12 million, Japan : 7 million, Others : 25 million, Total : 57 million
- Trends/Statistic: An increase in Chinese Brand PV sales as compared to JV international brands produced in China.
- Preliminary List of 14 China Independent OEM/Brand Passenger Vehicles
- Overview: SAIC MOTOR; FAW Car; FAW Xiali; FAW HAIMA AUTOMOBILE CO., LTD. ; CHERY; GEELY; BYD; BYD – Electric/Hybrid Products.
- Consolidation Government Initiative: China policy is pushing for the consolidation of the automotive industry. The first phase of the plan is to reduce the 15 automotive manufacturing companies to 10 this year.
- Consolidation Development: SAIC is currently marketing together with Nanjing's MG. There are also two potential mergers to happen this year with GAC and CHANGFENG, as well as BAIC and LIFAN. The independent brand market has a potential of around 2 million vehicles in an overall China PV market of around 10 to 12 million for 2009.
- Summary: The Way to “Automotive Heaven” or “the Next Automotive Kingdom”

Q&A: China has potential in electric car market, BYD electric as example.

5. “Industry Standards– A common language for managing Quality?” – Clemens Saur

- In its eleventh five-year plan the Chinese Government started a Quality Initiative to build up 2000 CMMI level 3 organizations until 2010. Any organization meeting this target would get 50% of its assessment cost reimbursed.
- CSPIN, the only industry association in the field of system and software process improvement in China, which is approved to establish by the Ministry of Information Industry and the Ministry of Civil Affairs was tasked with studying alternatives to CMMI. ISO/IEC 15504 (SPICE), unlike CMMI, is an open, industry specific standard. Industry self-regulation is more effective than third party certification. SPICE was recommended to become the new national standard from 2010.

6. Summary - Helmut Stein:

- Sincere thanks to CEIBS for the hospitable and informative arrangement of the meeting. The next KTL meeting will be held in September 2009 by Bosch in Shanghai.
- Because of several requests from our German member companies VDA QMC is offering an seminar for EFQM Assessors in July 2009. The seminar will have two possible levels: 1. Becoming a registered EFQM Assessor in Brussels and 2. getting a Participating Certificate from VDA QMC China.
- The question of laboratory capacity and capability was addressed again from several companies. There seems to be a chance for increasing the efficiency and reducing costs for laboratory activities in China. It was recommended to add this point again to the next agenda.
- The standardization of logistic transport boxes was discussed. There is a possibility to start activities in that field to reduce logistic costs. As a first step companies have to be contacted and ask for a potential engagement in such a working group.

Helmut Stein/Wanmei Su, 2009-05-25