



**SMMT**  
DRIVING THE  
MOTOR INDUSTRY  
**Open Forum**



Dave Allen  
Purchasing Director  
September 2011

# The Supply Chain Group: Background.



To help take forward the work of the Automotive Council, a sub-group called the Supply Chain Group was created.

It aims to:

- Build consensus on the challenges in the UK Supply Chain.
- Enhance the dialogue between manufacturers, Tier 1 suppliers and the supply chain on present and future business priorities.
- Review the Technology Roadmap and develop a high level UK supply chain technology vision.
- Engage with those responsible for existing training and support budgets to seek to reflect these priorities.

The Supply Chain Group is chaired by Dr Trevor Mann, Senior Vice President, Nissan Europe.



# The Supply Chain Group: Members.



- **Trevor Mann (Chair)**  
Nissan
- **Dave Allen (Deputy Chair)**  
JLR
- **Mark Adams**  
Toyota
- **Jon Beasley**  
GKN
- **Richard Bruges**  
Unipart Logistics
- **Dave Cameron**  
Nissan
- **Geoff Dale**  
Industry Forum
- **James Davies**  
Calsonic Kansei
- **Lawrence Davies**  
GM UK
- **Alan Draper**  
Ford
- **Simon Griffiths**  
MAS West Midlands
- **Ian Harnett**  
JLR
- **Matthias Holweg**  
Cambridge University
- **Jon King**  
TATA Steel
- **Eric Le Corre**  
Michelin Tyre
- **Joseph McKevitt**  
Leyland Trucks
- **Indro Mukerjee**  
C-MAC Micro-Technology
- **Ian Parker**  
Birkby's Plastics
- **Nick Spencer**  
BMW
- **Nigel Stein**  
GKN Automotive
- **Dermot Sterne**  
Stadco
- **Peter Stewart**  
TI Automotive
- **Onkar Sunar**  
JCB
- **Yung Tran**  
SMMT
- **Engelbert Wimmer**  
PA Consulting
- **John Wingfield**  
Flambeau Europlast
- **Officials attending from:**  
**BIS**  
**OLEV**  
**Skills Funding Agency**  
**TSB**  
**UKTI**



# The Supply Chain Group



The objective of the Supply Chain Group is delivered through a series of **Strategies** which would:

- Reverse the decline in the UK supply base.
- Identify, promote and seize business opportunities for the UK automotive supply chain.
- Coordinate industry and government policies and actions for UK suppliers

**Drive growth in the UK Automotive Supply Chain**



# UK Supply Chain:

A significant contributor to UK plc.



# £7.4bn

The combined UK purchasing spend of UK based auto manufacturers

# 40%

The percentage of the retail price of a passenger car which the supply chain represents

This represents only....

# 36%

of the vehicle manufacturers global spend!

# 2,350

The number of UK companies that consider themselves as 'automotive' suppliers

# 80%

Of all component types required for vehicle assembly operations can be procured from UK suppliers.

# 82,000

The number of employees at these companies in 2009

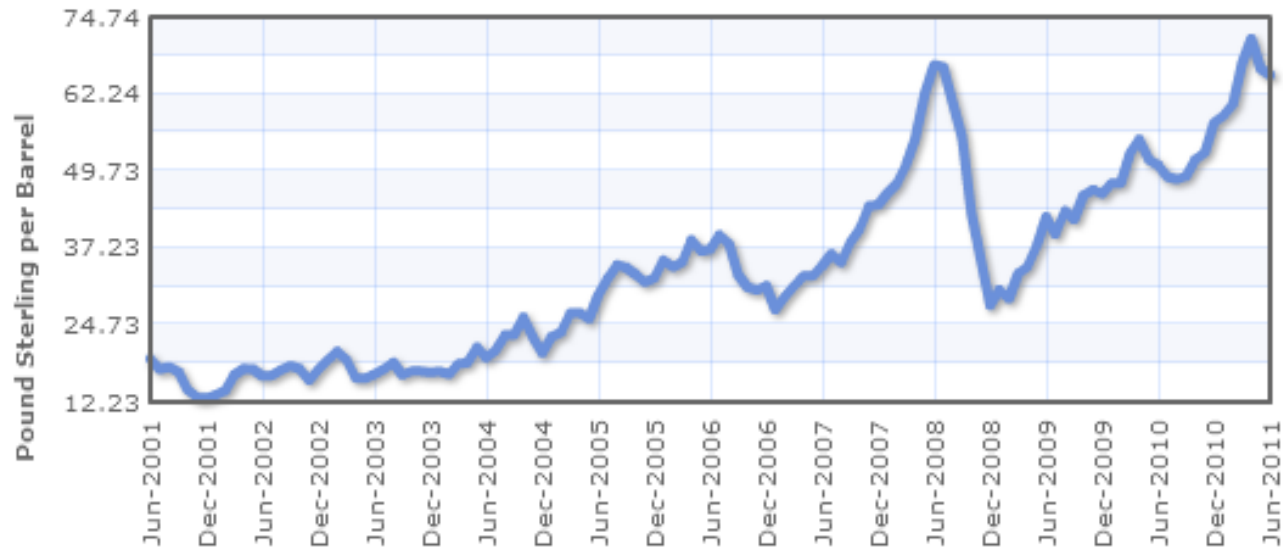
**The supply chain is crucial to the automotive industry – for UK VMs a strong UK supply chain is as an issue of the highest priority**

# UK Supply Chain Growth: Economic Factors



**> 20%**  
Deflation of Sterling vs. Euro  
2007 → 2011

**> 25%**  
Increase in cost of oil  
2006 → 2011



# UK Automotive Supply Chain:

## Proximity in sourcing decisions.



The Japanese earthquake has highlighted the fragility of long distance supply chains.



Environmentally driven legislation will penalise sub-optimised carbon footprints.

As methods of measuring carbon footprint become more sophisticated consumers will also become increasingly aware.



OEMs want to offer customers more variety and customisation. This increases complexity and requires greater value added local to the OEM plant.



# Supply Chain Group:

## Activities to encourage growth



1. Ensure existing UK supply chain remains globally competitive
2. Increase awareness of UK OEM/Tier 1 requirements vs. UK supply base capabilities; encourage industry crossover
3. Encourage new supplier entrants / re-entrants to the UK
4. Promote the profile of engineering in the UK, encourage uptake of STEM subjects





# Bringing it Back to Britain:

## Examples of repatriation to the UK.



March 2011: Jaguar Land Rover awarded more than £2bn-worth of supply contracts to over 40 UK companies for its new Evoque mode



June 2011: BMW unveil £500m investment plans for Hams Hall



June 2011: Nissan confirm Qashqai will be designed, engineered and built in Britain.

The £192m investment will safeguard 6,000 jobs, both direct and indirect through the UK supply chain.



July 2010: Dunton is one of four sites that will benefit from Fords £1.5bn investment over 5 years in engine and vehicle technologies.#

This will safeguard around 2,800 skilled jobs.



# Conclusions



1. The UK manufacturing industry, despite its setbacks is strong  
– but it could be stronger!
2. There are a number of factors, controllable and uncontrollable, which could support the UK supply chains continued growth
3. There is a will amongst OEMs to achieve greater levels of local sourcing



# Questions?

