

Sakamoto Project Update

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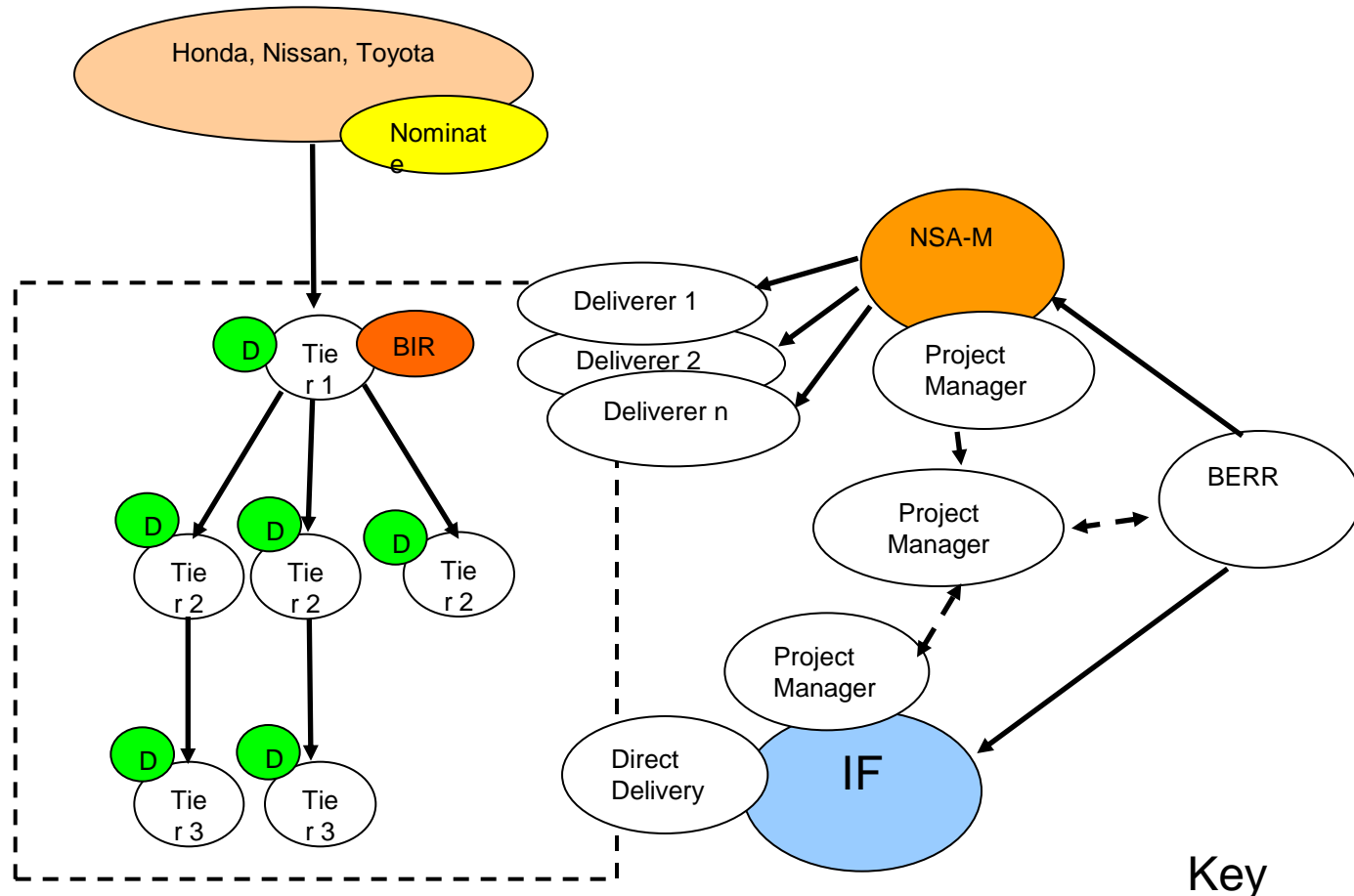
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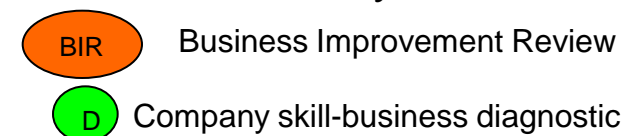
Timeline

2002	AGT Report
2006	Toyota/Johnson
2006/07	Secundee from Japan
2008	Published Report
2008	Pilot Projects Started
2009	New AGT reports
2009	Government response to New AGT
2010	Pilot Projects Complete

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A model Supply Chain Group: 6 companies



Three Japanese Vehicle Manufacturer Pilot Supplier Development Projects

Nissan Calsonic Kansei, Washington

Toyota DENSO, Telford

Honda UYS, Oxford

Lessons Learned I

1. There are considerable opportunities to improve performance of the automotive supply chain by adopting process improvement practices: even at these global Tier 1 companies and their suppliers.
2. The recorded quality and delivery data on the performance from the Tier 1 to the vehicle manufacturers is achieved at a cost to all companies in the supply chain: safety stocks, firewalls, extra inspections, reactive fire fighting and delayed production, especially at product launches.
3. “Management capability” as identified by the Japanese vehicle manufacturers in the original report has frequently been referred to as “self sufficiency” during this project. This may not translate exactly into Leadership and Management in all manufacturing sectors and supply chains.
4. Key local suppliers to major Tier 1 companies are often SMEs (or small companies in larger holding companies) with limited process improvement experience or capability.
5. The Tier 1 supplier development resources are on the whole very limited and only able to offer a short term reactive rather than a long term proactive approach.

Lessons Learned II

6. Customer pull and end customers close attention concentrates the mind of the host senior management team and the suppliers on improvement activities.
7. The Business Improvement Review (BIR) is an important first step in shaping development projects: it is data driven - often finding weaknesses in the availability of good data even in the largest companies, gets projects out of purchasing or supplier development department silos and into the awareness of operations and general management and links project goals to the company's own longer term goals.
8. It is easy for suppliers to get the blame for poor delivery performance –in practice the root cause often involves the host and it then requires the involvement of senior managers to change established practices.
9. Commercial pressures and top down cost down requests are still very much in evidence and short term demands are seriously testing the better customer-supplier relationships developed during this pilot programme.

Lessons Learned III

10. Localisation i.e. finding capable UK suppliers is very much a goal of the vehicle manufacturers and Tier 1s given increased importance by recent movements in the exchange rate.
11. The Industry Forum programme structure and content made engaging companies straightforward.
12. The National Skills Academy for Manufacturing was initially faced with a sceptical response from several companies and full engagement proved difficult, possibly as a result of the lack of support materials and a detailed project plan.
13. 18 months is the minimum to establish contact with a host company, select and engage suppliers, carry out diagnostics and see through a programme of interventions.

Key Message

There are failures within businesses to recognise how improvements can be made and therefore they do not easily see the business case for improvement.

As a consequence: **need does not equal demand**