



Project report on Interim General Management from July 2018 to October 2019

Initial situation: What is the order? Who is the client? Which industry is it?

What is the situation?

The General Manager (GM) was commissioned by headquarters (HQ) in Germany. The order was for the production of metal, plastic, and ceramic parts for the chemical industry and environmental technology, which consisted of several parts. The Interim Manager (IM) was responsible for moving the company to a new location. This one has already been decorated. Due to increased rental costs, additional orders needed to be generated. This applies to both the manufacturing sector and the trading company. In addition, purchasing costs need to be reduced, because the expectation is that total costs in China should be no more than a maximum of 60% when compared to the costs of the parent company in Germany and the subsidiary in the USA. In order to reduce customer complaints, quality control is to be introduced or expanded. A detailed business plan should be created to provide an overview and point out perspectives.

Solutions: How did you approach the task? What were the challenges? What obstacles have been overcome? Which methods were used for this? Which new processes have been initiated?

After moving to a new factory, the company's inauguration, presentation and discussion of the business plan, and important deadline orders for the Middle East were pending. Meeting these deadlines would not have been possible even if overtime had been implemented. The GM carried out thorough project monitoring, applied utilization and capacity calculations for production and engineering, temporarily hired outside skilled workers from an employment agency, installed quality gates and a product tracking sheet on the shop floor, initiated advanced tool repairs and machine maintenance to ensure increased production with no downtime. Morning factory tours and workshop meetings with the Asaichi Board highlighted problems, and their immediate solutions were evident. For example, a workflow of incoming goods through inspection and testing to outgoing goods was created that coordinates the cycle time for punching, folding, welding, and stripping. Plastic and metal welders have been trained externally and internally to improve the quality of welds and to reduce welding times. The newly documented quality inspection for incoming goods has prevented defective parts from reaching production (and customers). Pictures illustrating good and bad parts, as well as detailed multilingual work instructions for production, assembly, and packaging, have reduced the risk of errors to almost zero. Similar promised delivery dates for customers and quality of parts could be maintained for this and all subsequent orders.

In order to lower the purchasing costs related to the next orders, new suppliers were found. For example, a supplier was found who supplied a laser cutting machine. This method was implemented, because punching with a tool is more expensive. Fastening and connecting materials can be bought for a 50% reduction in price. Previously recognized suppliers were visited and prices renegotiated. Another individual, who previously only bought non-production material (NPM), was added in order to support the current buyer with sourcing and procurement. The underutilized



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injection molding machines, with their expensive unit costs, were sold and parts were instead bought from this supplier.

The pre- and post-calculations of total costs were also improved, and a meeting was scheduled at the end of the project in order to learn from the mistakes made, in order to benefit the next project. In order to reduce construction times, a two-person team took part in a training session held in Germany, and new laptops were purchased. During the training, participants learned how to create a 3D design and how to build a database.

Sales were strengthened by another new employee, and the GM visited existing customers to present the company's new organizational structure and workshop. New orders came from European customers who wanted to supply their customers from China in order to drastically reduce logistical costs.

In addition to monthly town hall meetings to inform all employees about the company's developments, the GM also introduced a bonus system for improvements and an *Employee of the Month* award. All of these actions were instrumental in bringing about a further increase in motivation. The Kaizen activities are implemented through regular weekly meetings with project managers, buyers, HR, IT, admin, QM-EHS, and production.

Results: Which goals were achieved? Are the employees and clients satisfied? What are the remaining challenges?

Through our own repair workshop, the throughput times could be further reduced, but this has not been achieved. Spare parts management, on the other hand, has been profitable. With higher revenues and lower expenses, profits have increased for both manufacturing and the trading company. Key Responsibilities & Achievements were followings:

- Green Energy: plastic, metal and ceramic components (Tower Internals)
- Leading regional sales in APAC, strategic development of Asia-Pacific, leadership for regional coordinating functions
- Profit & Loss Responsible of the overall operational success in APAC
- Relocation of factory within Kunshan; BSC and KPI installation, Cost Reduction at Supply Chain Kaizen/CIP, Suggestion system, TPS
- Ramp up of sales & marketing, business development and production efficiency
- Make or buy calculations, capacity planning; coaching & leading of staff, trouble shooting, Asaichi board, workflow
- Finance controlling, pre/post project cost calculations
- Root cause analysis, quality management & quality cost control
- Training & workshops with staff
- Total Sales volume increased from 0.935 Mio RMB/month to 1.382 Mio RMB/month (+49%)
- Net Taxable Income increased at Production from -959000 RMB to -467000 RMB (+51%)
- Net Taxable Income increased at Trading from -283000 RMB to 315000 RMB (+211%)



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- Operating profit increased at Production from 841000 RMB to 2.15 Mio RMB (+156%)
- SC costs (material + logistic) volume of Production reduced from 4.36 Mio RMB to 3.17 Mio RMB (-27%)
- SC costs (material + logistic) volume of Trading reduced from 6.24 Mio RMB to 5.92 Mio RMB (-5%)
- Cost reduction activities of Non-productive material at monthly average from -2.2% in 2018 to -2.3% so far in 2019
- Cost reduction activities of BOM material at monthly average from -1.9% in 2018 to -1.6% so far in 2019
- Absenteeism reduction from 12% to 2.1 % (-82.5%)
- Value of realized improvements increased from 0 to 1.2 Mio. RMB (Asaichi board, Kaizen activities, suggestion system)
- Overtime hours reduced from 298h to 173h (-42%)
- Working hours increase from 3012h to 3470h (+15%)
- Customer failure rate Production reduction from 504000 RMB defects to 0 (-2.8%)
- Customer failure rate Trading reduction from 33272ppm to 14484ppm. (-56%)

However, the Chinese subsidiary is not yet self-sustaining. Headquarters and the American subsidiary continue to shop in China in order to fully utilize the plant. To remain competitive despite the transportation costs to Europe and the USA, the profit margins for this Chinese plant have been set very low.

A Chinese website and Chinese marketing are necessary to attract the countless Chinese chemical companies as customers.

Profitable Company Development & Restructuring

Do you want to go ahead in China and Asia-Pacific?

We would be happy to support you as a system doctor and problem solver in getting financially healthy, in restructuring and in increasing profits.

What are your advantages of booking us?

Just one of our success stories as an example for you:

Our engagement for an automotive customer who is the market leader in products for electric vehicles. Here we were able to achieve the following measurable results:

- Increase in sales by 30% while reducing the internal error rate by 86% and consequently as well the customer complaints from 56 units to 0.
- The number of workers has been reduced by 18%, and the absence and layoff rates have been significantly lower.
- As a result, the operating profit rose from 56000 to 2.6 Mio RMB/month.



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How is that possible in such a short time? What is behind this success?

All our previous customers from Germany, US, France and Italy had the following advantages through our work:

- 100% loyal to the client
- Innovative thinking and quick actions
- 24-7 high performance culture
- Structured approach, reporting and coordination.

Why is that so important for you in Asia?

From our automotive experience you need a business partner:

- One with an effective cost reduction methodology
- One who can build a learning organization for you
- Someone with years of multicultural experience in East and West
- Tight communication and proactive motivation
- Experience in project management, negotiation technique and control

Now simply write an Email to contact@gtec.asia and arrange a conversation with us.

Don't wait, Asia is fast! An efficient preparation and ramp-up phase must be well planned, so that you can achieve measurable success even faster.

Definitely, we will find an enthusiastic, quick and reasonably priced solution for you, due to our German, Chinese, Indian and Asian network.

Best regards

Karlheinz ZUERL

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Member of DDIM - Dachgesellschaft Deutsches Interim Management e.V., <http://www.ddim.de>

Member of GCC (German Chamber of Commerce AHK, Shanghai); <https://china.ahk.de/membership/east-china>
<https://www.linkedin.com/in/karlheinz-zuerl-04859b2b/detail/recent-activity/posts/>



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https://www.xing.com/profile/Karlheinz_Zuerl2/cv

References in Interim General Management & Executive Consultancy:

- Executive consultancy for profit growth of Tier1-automotive suppliers
- General Manager in China for manufacturing, marketing and sales of machines for melting and casting of metals for automotive industry
- General Manager in China for manufacturing, marketing and sales of plastic-, metal- and ceramic parts for environmental protection business
- General Manager in China for manufacturing, marketing and sales of Electric motors, generators and controllers for e-motion market Asia
- Director Asia : Purchasing and Supplier Development of Automotive parts
- Cost Reduction Manager Shanghai HQ
- Compliance manager for legal Controlling of Beijing Office, reporting to German HQ
- Marketing and Sales manager of CNC machines in China, reporting to German HQ

GTEC German Technology & Engineering Cooperation focus on:

- Business development, restructuring, supply chain, operation of parts for automotive industry in China, Hongkong, Thailand, India, Malaysia, with focus on E-mobility, mechanical engineering.
- Engineering, Manufacturing and Maintenance of Die & Moulds and Components/ Parts (Aluminum Die Casting, Plastic Injection, Stamping/Deep drawing, Machining,
- Engineering & Installation and Maintenance of Automation, Industry 4.0, Manufacturing Execution Systems MES
- Profit Growth Academy (Training)