



Project report on Interim General Management from October 2019 to April 2020.

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

The global purchasing manager of a German automotive supplier has appointed an interim manager at its main Chinese plant located in Shanghai. The interim manager will serve as the plant's purchasing director for six months, because the previous purchasing director was dismissed due to his involvement in corruption with a local contractor. A new Chinese executive will arrive in a few months. The supplier's financial position is tenuous. The IM realizes that the current Chinese general manager must resign once a new GM is appointed. Currently, a search is being conducted to find a qualified GM as soon as possible. Some Purchasing Department employees have been *calling in sick* more often than usual, and the sole associate in charge of overseeing NPM (non-production material) is on maternity leave. Three Supplier Quality Engineers (SQEs) are responsible for finding quality defects and reporting to the head of purchasing. The IM has also been briefed that this plant previously had a Chinese owner, was later operated by the German company as a joint venture (JV), and finally became a 100% subsidiary a few years ago. All employees have been retained from the previous entity and are considered to be long-standing associates of the company. Fortunately, all company employees support the new interim manager.

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?

Since the NPM position has remained vacant, the IM's first matter of business will be to organize and hold a meeting with the help of the GM. The objective for this meeting will be to gather managers from all areas that have a need for utilizing NPM. The IM will illustrate the workflow from request to entry within the ERP system and define a RASIC with departments and relevant names.

Once proper workflow is established, the IM will sign for all expenses before purchasing. These expenses will include but are not limited to: benchmarking, negotiations and new contracts with hotels, toolmakers, machine suppliers, environmental auditors, waste disposal companies, transportation companies, etc. At the same time, the cost savings from the four, ancillary work areas will be summarized and the HQ in Germany will report on them monthly.

The next step is the elimination of agreements with intermediate storage facilities and expensive transportation companies that were created at the directive of the previous purchasing director and which the general manager signed-off on.

The standardized express delivery of parcels and letters has also been discontinued. The long-term goal is to reduce the currently excessive number of local transportation companies down to one international forwarding company that serves the company's needs on land, rail, air, and waterways. To this end, the IM has initiated a benchmark and negotiated terms with two companies.



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Middlemen for electronic components could also be largely eliminated. These middlemen took over consignment stocks and delivered individual parts on time, but at a much higher price than if the company bought them directly from manufacturers. However, difficult negotiations are required to arrange proper minimum order quantities.

The company's project management purchasing preparation is important. In the future, the Purchasing Department will be involved in every developmental stage in order to be able to produce low-cost efficiency. The Purchasing Department will accomplish this by working only with selected suppliers. To this end, monthly meetings will be initiated and conducted by the IM.

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

On the previous purchasing director's last day of employment, two forwarder contracts were signed, and the department was handed over to the new Chinese purchasing director. The remaining challenge is to merge all departments into one team and to place an importance on KPI specifications and compliance controls from the top down. In China, the selection method for production and NPM suppliers has traditionally and solely been based on relationship level; not on price, quality, or deadline. Even the new purchasing manager may be reluctant to change that.



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Best regards
Karlheinz ZUERL

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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

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