

AUTO INDUSTRY SEMINAR BRINGS MEMBERS FLOCKING



THE CBM'S THIRD MARKET SECTOR EVENT, HELD AT MALVERN-BASED MORGAN MOTOR CO, AND FOCUSING ON SUPPLY CHAIN OPPORTUNITIES WITH THE AUTO INDUSTRY, PROVED THE MOST SUCCESSFUL YET.

Our chief executive, Geraldine Bolton, was delighted by both the turn-out, and the calibre of the speakers who attended the half-day session.

"We recently started holding seminars focused on a single market sector, so members looking to win supply chain work understood all the processes they needed to follow, and were given the latest data from that sector," she said.

"Our HS2 event was extremely popular, but the turnout at Morgan was remarkable. Partly, it was down to the quality of speakers, but it was also clear that SMEs which have never previously pitched for automotive sector work are now looking to do so, as the industry's output continues to set new highs."

Manufacturing specialist Rachel Eade, who has advised some 2,500 companies over the last 20 years, got the event underway by highlighting the array of supply opportunities on offer.

"We know this country is home to eight major car manufacturers, but it might surprise you to learn that we make more engines than cars," she said. "There is huge scope for potential suppliers, not just for engine components and body shells, but for alloy wheels, plastic moulds and trim, seating and much more."



- The Morgan Aero8

- Above: The Morgan Plus8

"I think SMEs should try to win work from the OEMs and Tier One suppliers, but it's crucial that they first think how their business would look to new clients. Have they got the right appearance, the correct skill-sets, do they invest in R&D, and are their finances solid, for example?"

Worcester-based Superform has worked in collaboration with Morgan Motor Co (MMC) on a range of projects since 1997, using innovative new technology to dovetail with MMC's traditional techniques.

Its technical director, Dave Edwards, revealed that the manufacturer's coach-built doors were fundamentally unchanged for 60 years, yet Superform's talented designers were able to add such modern features as anti-intrusion beams and electric windows.

Morgan's latest Aero 8 also features a dramatically redesigned - and eye-catching - rear section, made possible by the superperforming process, which allows aluminium alloys to be stretched several times their original dimensions at temperatures between 450C and 500C.

JLR's supply chain and external engagement manager, Michael Mychajluk, said that under Tata's ownership, the manufacturer had made a remarkable £12.4bn of investments in the five years to March 2016. As a result, global sales in that period had increased by over 70% to over half million units a year.

He also revealed that new investment for JLR's engine plant at i54, would take spending there to £1bn. Bringing engines back to the UK has helped the Jaguar XE achieve 55% of its supply requirements from the UK, more than any other volume auto OEM, using 120 Tier One suppliers and more than 200 with Tier Two status.



- Michael Mychajluk, JLR supply chain and external engagement manager

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He said Automotive Manufacturers do need to demonstrate control of the whole cycle of making vehicles; from concept, through to launch and beyond, into spares and warranties, and so as part of this the OEMs must prove they have control over the parts which are supplied to them.

This requirement obviously cascades into the supply chain placing specific actions on suppliers.

Mike revealed that OEMs typically take a common approach when considering acquiring parts from potential suppliers; making assessments of the company, the product and also how the product can be realised, in terms of design, manufacture and supply.

He stressed that SMEs looking to win supply contracts would have to assess those requirements, put in place detailed plans to make them happen, train their people, work to robust processes and be able to prove to the OEMs that everything had been done right and all risks identified and mitigated.

The key point is to understand Customer requirements fully and work together to implement. This may require a full Quality Standard Certification but equally depending on the identified risk may well be supported through documentation of good business practice.

Crowe Clark Whitehill's national head of manufacturing, Johnathan Dudley, focused on the critical importance of having a strategic vision for growth, and of understanding precisely how it might be delivered.

"Most manufacturing SMEs need to ask themselves serious questions," he said. "Why are they in business, where do they want to go, and what does success look like to them? As an owner, you need to ask if your finances are healthy, your management information is reliable and your team is good enough?"

Johnathan also stressed that whilst gaining a competitive advantage was equally important, it could be gained in many operational areas; including people, premises, plant, marketing and sales, IT systems and quality control procedures - not merely products and services.

Access to finance in a perennial issue for SMEs and RBS Bank's head of manufacturing (Midlands), David Robinson, considered how commercial premises could be bought without impacting on working capital, and how suppliers might afford new tooling for OEM or Tier One customers.

"We can make tooling finance available for manufacturers in the automotive supply chain, where there is a contractual obligation to pay for tooling," he said.

"The loan must be for the purchase of a bespoke tool to produce a specific part, and must be repaid when the OEM pays for the tool. There is a maximum of 80% of the value of the tool, and the loan can be taken out for up to 56 months."

The government's apprenticeship levy has proved controversial, especially among SMEs who consider the funding too demanding, and In-Comm Training and Business Services' MD, Gareth Jones, looked closely at issues surrounding the levy.

He explained the new apprenticeship standards, the sectors to which they will apply, outlined the various funding 'caps' and reminded members that the levy would be introduced on April 6th 2017, paid monthly through the PAYE system.

Gareth said guidance for employers was available now, from HMRC, concerning levy contributions and payment processes. "Don't let the levy drive your skills agenda. Let your skills drive the levy," he urged ... a very upbeat note on which to end a most informative event.



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Rachel Eade,
Manufacturing specialist