

Minutes of the Supply Chain Group, 14 December 2010

BIS Conference Centre, 1 Victoria Street, London, SW1

Attendees:

Bill Parfitt - CHAIR	General Motors UK
Mark Adams	Toyota
Richard Bruges	Unipart Logistics
David Bell	JCB
Helen Foord	GM Sherpa
Simon Griffiths	MAS W. Midlands
	Cambridge
Matthias Holweg	University
Patrick Keen	EMDA
Jon King	TATA Steel
Eric Le Corre	Michelin UK
	C-Mac Micro-
Indro Mukerjee	Technology
Ian Parker	Birkby's
Nigel Stein	GKN Automotive
Dermot Sterne	Stadco Ltd
Mike Tickle	PA Consulting
Yung Tran	SMMT
Jane Whewell	BIS
Bob Lonnon	BIS Secretariat
Kate Warren	OLEV
Martin Phelan	UKTI
Stefano Hoyland	UKTI
Ashley Roberts	BIS
Andy Lowe	BIS
David Yuill	BIS
Phil Davies	BIS

Apologies:

Jon Beasley	GKN
David Bott	TSB
Dave Cameron	Nissan
Mike Carr	EMDA
Geoff Dale	SMMT Ind. Forum
James Davies	Calsonic Kansei
	GM UK
Lawrence Davies	
Alan Draper	Ford
Andrew Everett	TSB
Ian Harnett	Jaguar Land Rover
Richard Higgins	UKTI
Veronica Hurst	Bentley
Joseph McKevitt	Leyland Trucks
	Skills Funding
Chris Roberts	Agency
Nick Spencer	BMW Mini
Peter Stewart	TI Automotive
Engelbert Wimmer	PA Consulting
John Wingfield	Flambeau Europlast
Jon Maytom	BIS

Agenda Item 1: Chairs' Introduction

The **Chair** opened the meeting, thanking members for their time and commitment to the Supply Chain Group and advised that after his agreed length of tenure he was standing down, with Jane Whewell Head of BIS Automotive Unit taking over as the interim Chair until a permanent appointment was made.

Agenda Item 2: UK Sourcing Roadmap

The **Chair** called on **Matthias Holweg** to present Paper SC141210.01 A UK Sourcing Roadmap

The Paper was presented with thanks accorded to BIS, SMMT and all who had contributed and assisted in this key piece of work. In reviewing the results the following points were raised in discussion:-

- A time-based Roadmap worked less well for the Supply Chain than for new technologies and this 1 page depiction therefore might require some supporting guides to capture the finer detail. The size of the arrows could usefully be modified to illustrate the range of issues/activities; for example cost modelling was fundamental to all supply contracts.
- Analysing and understanding cost was seen as key with landed cost being used as a benchmark. The value of proximity was difficult to quantify. The meeting agreed there was more to do in understanding the fine detail of this.
- Some members noted there were different issues facing T1s as compared with T2/3s particularly in respect to access to finance which T2/3s were continuing to find difficult.
- Customers had a strong inertial tendency to stick with existing suppliers. Of the £7.4bn sourced by UK manufacturers from UK T1 suppliers in 2010 only a proportion was UK T2/T3 content. This shortfall is often where components were made overseas but assembled into systems in the UK, raising the question of what the UK could/should be making.
- The meeting recognised that any product gaps identified needed diligent research to ensure that any inward investment complemented and did not risk displacing established UK suppliers.
- Under the heading of opportunities there was a good match between supply and demand except for “heavy metals”. For longer term opportunities, it was considered important for the UK quickly to sell itself as the location of first choice and get UK suppliers into the loop to supply low carbon technologies before the supply side stabilised. In part this could involve getting close to Global HQ/decision makers at the start of reinvestment processes so that the UK case can be fully leveraged. A challenge exists to engage T1s with innovative UK SMEs producing low volumes with high fixed costs and possibly no track record.

In considering the next phase of the supply chain work, it was agreed that a workshop (set for 19 January 2011) would be held, bringing together both Supply Chain (SCG) and Technology (TG) groups and selected others to consider and prioritise actions with measurable deliverables for the SCG across 2011. This would also assist in informing aspects of TG working. **[Secretariat to bookmark the Workshop date [19th January] with SCG/TG members (clearing with TG Chair)]**

Agenda Item 3: UKTI Services & Support

The **Chair** called on **Martin Phelan** (UKTI) to present Paper SC141210.02. UKTI: Services & Support

The paper was presented and was well received with the case study used for illustration being of significant help.

- The importance of the building of relationships through soft skills and was recognised.

- The importance of the 'contract' lifecycle was highlighted, initial cost differentials between home and overseas could be quite marginal in the long term, however the UK often had the benefit of greater security and ease of access.
- Relationship building with Group HQs and decision makers is vital.
- The aspect of harnessing heritage legacy was discussed, whereby departing investors leave behind many skilled engineers and technicians, and the key is ensuring that they are retained in the Industry.
- UKTI has a significant database of companies on a global basis, but also emphasised the point that due diligence on existing companies needed to take place before working on inward investor projects to avoid any risk of displacement. UKTI confirmed their willingness to work with the Automotive Council on target component categories and companies.

Agenda Item 4: Supply Chain Workstreams

The **Chair** briefly reprised the eight work streams and commended the progress made and the important work left to undertake.

Agenda Item 5: AOB

Jane Whewell on behalf of the Automotive Council, thanked Bill Parfitt for his great contribution to the Supply Chain Group over the past year, and members recorded their appreciation.

- Next meeting was Confirmed as 9th February

The meeting closed at 13.00

Automotive Council Secretariat

Summary list of actions

Action	Responsibility	Deadline
ACTION 1: Secretariat to bookmark the Workshop date [19 th January] with SCG/TG members (clearing with TG Chair).	Auto Council Secretariat	ASAP