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Ties That Stand the Test of Time ...

External added value is important to every company. In Porsche's automobile production, for example, it accounts for more than 80 percent. It's not just a matter of profitability—instead, it has far more to do with the fact that products can only be raised to a world-class level with the right partners.

□ MICHAEL THIEM



Wolfgang Schorr is a specialist in long-term relationships. He has been married for 27 years, and he has worked for Porsche for 23 years. Now head of the purchasing department, he notes that there are many parallels between private life and the professional world. “Day-to-day interaction with others should be based on certain rules. Then later all you have to do is improve a few details,” says Schorr, who strives for transparency in working with his partners. Schorr even has a Kaizen book on a shelf in his office, and ensures that here, too, his own company sets an example of what the experts from Porsche Consulting recommend to other businesses. Long-term and sustainable relations with suppliers are a reality at Porsche—as numerous examples illustrate.

EXAMPLE—TRUST: “In more than 90 percent of cases, the contracts with our suppliers are never needed,” says Schorr, and refers to the principle of the honorable merchant. “Complying with unwritten agreements is also part of the Porsche philosophy,” he explains. In tough economic times, mutual trust may even be the most important currency. But Schorr also knows that one has to invest in relationships to be happy with them over the long term. So he points that the partners agree on have to be realistic, because disappointment is often the result of false expectations. For example, without reliable information on the specifications, piece numbers, and delivery dates of the components needed, high quality and punctuality cannot be expected. Building trust is also based on sharing the savings made over the course of joint optimization efforts. If trust is present, partners can work on a transparent basis.

EXAMPLE—FLEXIBILITY: Tough times are especially good at revealing how important it is that all the suppliers in a chain work along the same principles. This is the only way to make full use of the strengths of a flexible production system—and the only way for both sides to benefit. Porsche can respond to sales developments at any time without giving up its plans for capacity utilization at its sites. And the suppliers can use and dependably plan on the strong advance in expertise when it comes to subsequent projects. “The allocation of resources and financial means is one of the main reasons why we put long-term partnerships in front of short-term revenue gains,” says Schorr. He knows that it takes a long time before partners truly understand each other. That is why it’s not possible to become a Porsche supplier overnight. An intensive selection process and careful establishment of the supply chain take place before the contract is signed. Sometimes the search for the right partner takes Porsche to Asia. There the company integrated a Japanese transmission supplier into Porsche production on the basis of lean principles.

EXAMPLE—QUALITY: The greater the influence on the partner’s approach and processes, the more the contractor can determine the quality. With its supplier development program, the purchasing department therefore has tools and mechanisms for finding the best possible companies. The quality, logistics, and development departments are integrated into the selection process as well, starting at an early phase. This allows many problems to be prevented from even arising. “By selecting the right partners, our task is to ensure the greatest possible stability in quality, delivery service, and costs over the entire

product life cycle,” says Schorr. The selection process generally lasts up to twelve weeks. But if necessary, the requisite mechanisms can go into action more quickly, such as with the cockpit cross members for the 997 version of the 911. While the product was being created, a new supplier had to be found in 2004 on a short-term basis. Porsche Consulting helped out in the supplier switch, and by working together with the Benteler company ensured that the project suffered no delays of any kind. As Porsche consultant Peter Schäfer notes, “Being prepared for such cases is the only way to be able to respond rapidly and efficiently.”

EXAMPLE—MAINTAINING RELATIONS: Porsche Consulting has developed a supplier management program which ensures intensive contact with partners. “So we always know early on when there’s a need for action,” says Schorr. Fair relations also mean that Porsche evaluates all its suppliers at least twice a year, and motivates them by honoring the best at an annual supplier day. Often the partners commission the consultants without the purchasing department knowing of it. “When that then leads to the supplier getting good results in the Porsche evaluation, we see the value of our work confirmed,” says Olaf Langanke, who directs the external added-value activities at Porsche Consulting.

EXAMPLE—COMMUNICATIONS: Working on a project with an aircraft manufacturer, Porsche Consultant Antonius König realized that “poor communications and mutual accusations are what cause the biggest crises in relationships.” This example clearly shows how important it is to have open relations with suppliers. The aircraft maker has the elevator and control rudders

for its planes made at a location remote from its final assembly site. According to the cost plan, the components are supposed to be transported by ship. Because some components had to be delivered on short notice due to misunderstandings, the supplier commissioned a special plane for the shipment. Transport accounted for nearly half the total costs—a lethal development.

External added value is a field of activity that the experts at Porsche Consulting have perfected. So it was quickly clear in this case how to tackle the matter. And the people from Bietigheim-Bissingen made full use of their intercultural expertise. Together they sought and found ways to reduce costs. Along with representatives of the aircraft maker’s purchasing, production and development departments, the consul-

ants also spent six weeks with the supplier—from morning to evening. The business partners got to know each other. Mutual understanding grew, and processes were optimized. The results: more direct routes of communication, faster decision-making processes, and lower costs without cutting the margins of either the aircraft maker or the supplier. The supplier became a partner, and no longer merely a cost factor.

This example also shows that it doesn’t always have to be love at first sight. And in fact these relationships are often those that last the longest. ←

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