

Industry guide

5 Supply Chain Strategies to Unlock Commercial Opportunities

Automotive

5 Supply Chain Strategies to Unlock Commercial Opportunities

The automotive industry operates within a complex and intricate supply chain that spans from raw material suppliers to manufacturers, distributors, dealerships, and ultimately, the end customer. Supply chain management within this industry is of paramount importance, underpinning the economic performance of the sector. In recent years, we have all been witness to how industries can be affected by the knock-on effects of supply chain issues, and the automotive sector is one that suffered in particular. Vehicle availability was scarce and prices climbed, as well as general instability across the sector that continues to try businesses. In this piece, we will discuss the significance of supply chain management in the automotive industry, offering our top 5 ways to ensure your supply chain management squeezes greater value and unlocks commercial opportunities for your business.



Why is supply chain management so important in the sector?

Supply chain management plays a crucial role in the automotive industry due to its complex and global nature. Relying on global manufacturing and sourcing of components and parts, the automotive supply chain ensures the smooth flow of materials, parts, and finished products across borders, facilitating international production and assembly operations. Managing the complexities of global supply chains, including logistics, customs, and regulations, is essential for maintaining efficient operations and meeting customer demand.

Automotive manufacturers typically follow a just-in-time production approach, which aims to minimise inventory levels and associated costs while maintaining production efficiency. Without effective supply chain management, there is a risk of untimely delivery of components and parts to assembly lines, and therefore the need for excessive inventory. By coordinating production schedules, managing supplier relationships, and optimising logistics, automotive companies can achieve cost savings and increase production flexibility.

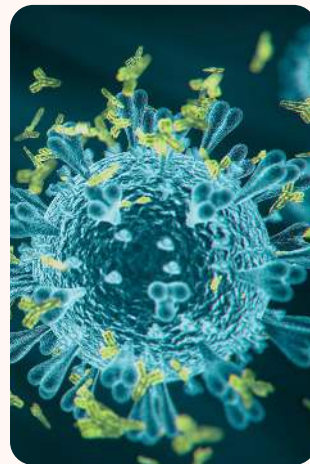
Supply chain management is essential for robust supplier qualification and auditing processes too, along with rigorous inspection and testing protocols, automotive companies can mitigate quality risks and deliver safe and reliable vehicles to consumers. And, as demonstrated over the previous 3 years since 2020, customer demand and market responsiveness can only be met with supply chain management in place, so is crucial to the industry.

Recent Trends in Procurement and Supply chain.

The world of procurement and the supply chain have been under much pressure these last few years. If you are a procurement professional you'll have felt this deeper than most other disciplines as you'll have battled with supply issues, huge price hikes and the testing of trade relationships that runs alongside these issues. At e-bate we keep an eye on the industries we serve, and these supply chain/procurement trends are what we've seen recently, but what do they mean to you? We've summarised these trends as those that we believe are being felt in 2023 and that will continue through into next year and beyond:

Trend: The Rise from Covid

We can't start this without mentioning the C word. COVID is still present and is affecting lives, but its effects are fading. It's been more globally devastating than anything in our lifetime, however, the impact on business and procurement reduces each month, so we are trending upwards on Covid at last! To combat legacy supply chain issues, there may be increased onshoring, but this will take decades. However, Procurement teams need to take time to re-imagine the supply chain and make moves to shift supply away from problem areas, taking into account that Western onshoring will be inflationary.



Trend: Geopolitical turmoil

We've seen Russia invade Ukraine and how this has affected the energy market and disrupted supply chains with regional food shortages and massive price increases. This is one of the most recent examples, but political unrest is happening all the time and we don't see it slowing for the next few years. In fact, Putin's war may realistically expand and cause more disruption through cyber attacks for example, which can affect businesses, countries, trade routes and general infrastructure. Having an awareness of this trend won't stop it of course, but it could help you to make a better decision on future deals.

Automotive

Trend: Inflation

We've seen double digit inflation across almost half the world. The only way to combat this is with intelligent supply chain amendments and processes. Savings are a top priority for businesses and so focussing on advanced and intelligent supply chain developments to make these savings and concentrating on the bottom line is key. It's also key to note that not all price hikes are due to inflation - some are down to companies attempting to increase profits to capitalise and to make up money lost over the last three years.



Trend: Procurement/Finance partnering

Procurement teams are collaborating more closely with Accounts. This has created strength in unison through recession and high costs, and it's resulted in greater intelligence for businesses. The procurement/finance collaboration also unifies processes, priorities, and helps businesses in how they engage and manage suppliers for better results.

These trends mean that procurement and finance teams have had a chaotic 3+ years at the helm. Not least, the overarching pressure is to make savings and increase growth whilst dealing with these issues - your job will not have been a walk in the park! Put simply, you're flat out.

Every day you're managing the squeeze between increasing supply costs and the pressure to keep end user pricing down. That ends up squeezing your margins until you've got nowhere to go. So, what can you do? Well, for a start, take a step back, reflect and plan, and consider these questions:

- Process: Are you optimising your processes and technology?
- Supply Partnerships: Have you reviewed your supply chain to seek greater diversity? Have you partnered with your key suppliers to jointly explore mitigation strategies?

Automotive

Do you have a culture and a process to support continuous improvement, rather than react to situations as they arise?

- Collaboration: Are you actively engaging with your internal product and manufacturing teams?
- Technology & transformation: Have you replaced tedious, costly manual processes with technology?
- Revenue maximisation: Are you sure you're getting everything possible from your rebates? Are your rebates a hidden source of revenue opportunity?

If you can't answer these questions, you need to do something about it. Here's what:

To be able to plan and innovate, take yourself out of the working environment and use colleagues that are outside of your function to bring up questions and inspiration. You need creative brain space to tackle the demands on your function. Maybe even reach out to those outside of your workplace - what information can you gain from your external network?

In your coffee break today, why not take the time to step back and remind yourself of the fundamentals you and your team should be exercising daily, in our 'top 5 strategies to ensure your supply chain management unlocks commercial opportunities for your business' on the next page.



Ensure Your Supply Chain Management Unlocks Commercial Opportunities For Your Business

1

Foster Collaborative Relationships with Suppliers

Building strong, collaborative relationships with your suppliers is crucial. Establish open lines of communication, share information, and work together to optimise processes and drive mutual benefits. Collaborative partnerships enable you to negotiate favourable terms, access innovative solutions, and improve supply chain visibility, leading to cost savings and competitive advantages.

2

Implement Lean Supply Chain Practices

Adopting lean principles in your supply chain can help eliminate waste, reduce lead times, and enhance overall efficiency. Streamline processes, minimise excess inventory, and optimise transportation and logistics. By identifying and eliminating non-value-added activities, you can create a leaner, more agile supply chain that maximises value and reduces costs.

3

Embrace Technology and Automation

Leveraging technology and automation in your supply chain processes can significantly enhance efficiency and productivity. Adopt advanced supply chain management systems, such as enterprise resource planning (ERP) software, rebate management software, inventory management tools, and real-time analytics. Automation can streamline operations, reduce manual errors, and provide valuable data insights for informed decision-making.

4

Enhance Supply Chain Visibility and Traceability

Implementing technologies such as barcode scanning, RFID, and blockchain can improve supply chain visibility and traceability. Real-time tracking and monitoring enable you to identify bottlenecks, mitigate risks, and ensure compliance. Improved visibility helps optimise inventory management, minimise stockouts, and enhance customer satisfaction by providing accurate delivery information.

5

Create a Culture of Continuous Improvement


Encourage a culture of continuous improvement within your supply chain operations. Implement processes such as regular performance reviews, data analysis, and benchmarking to identify areas for optimisation. Encourage employee engagement and cross-functional collaboration to drive innovation and efficiency enhancements. By continuously seeking ways to improve and adapt, you can unlock commercial opportunities and stay ahead of competitors.


Top 5 Strategies


Supply chain management is of utmost importance in the automotive industry due to its global manufacturing and sourcing requirements, just-in-time production approach, focus on quality and safety standards, risk mitigation needs, market responsiveness, and impact on cost efficiency and profitability. Effective supply chain management practices help automotive companies navigate challenges, deliver quality vehicles, meet customer expectations, and maintain a competitive edge in the dynamic automotive market.


By implementing these strategies, you can maximise the value generated by your supply chain management, uncover new commercial opportunities, and drive sustainable growth for your business. However, remember that your supply chain strategy should be constantly assessed so you can adapt them to changing market dynamics and your customer needs.

If you want to discuss automating your rebate process as part of your supply chain management strategy, please get in touch.

 e-bate.io

 enquiries@e-bate.net

 033 022 32500



**Book a demo to reveal your
rebate revenue**

e-bate.io



Maximise Profits



Rebate Insights



No More Errors