

International Sourcing Benchmarking Study

Selected Results Machinery and Industrial/Metal Processing

CfSM – Centrum für Supply Management

The global sourcing study is the **first globally spanning study** of its kind.

The study was conducted by CfSM and University of Wuerzburg from July 2006 to June 2007.

Included are companies situated in **all important industrial nations**, as well as many other large businesses from the remaining European and Asian countries.

The study was **addressed exclusively to purchasing officers of companies doing business in industry and commerce.**

Nearly 400 companies took part in the study.

About the study

The study was supported by:

Austria



Bundesverband Materialwirtschaft, Einkauf und Logistik in Österreich (BMÖ)

Belgium



Association Belge des Cadres d'Achat et de Logistique (ABCAL)

Belgium



Vereniging voor Inkoop en Bedrijfslogistiek (VIB)

Canada



Purchasing Management Association of Canada (PMAC)

Denmark



Dansk Indkøbs- og Logistikforum (DILF)

Finland



Suomen Logistiikkayhdistys (LOGY)

France



Compagnie des Dirigeants d'Approvisionnement et Acheteurs de France (CDAF)

Germany



Bundesverband Materialwirtschaft, Einkauf und Logistik e.V. (BME)

Great Britain



The Chartered Institute of Purchasing & Supply

India



Indian Institute of Materials Management (IIMM)

About the study

The study was supported by:

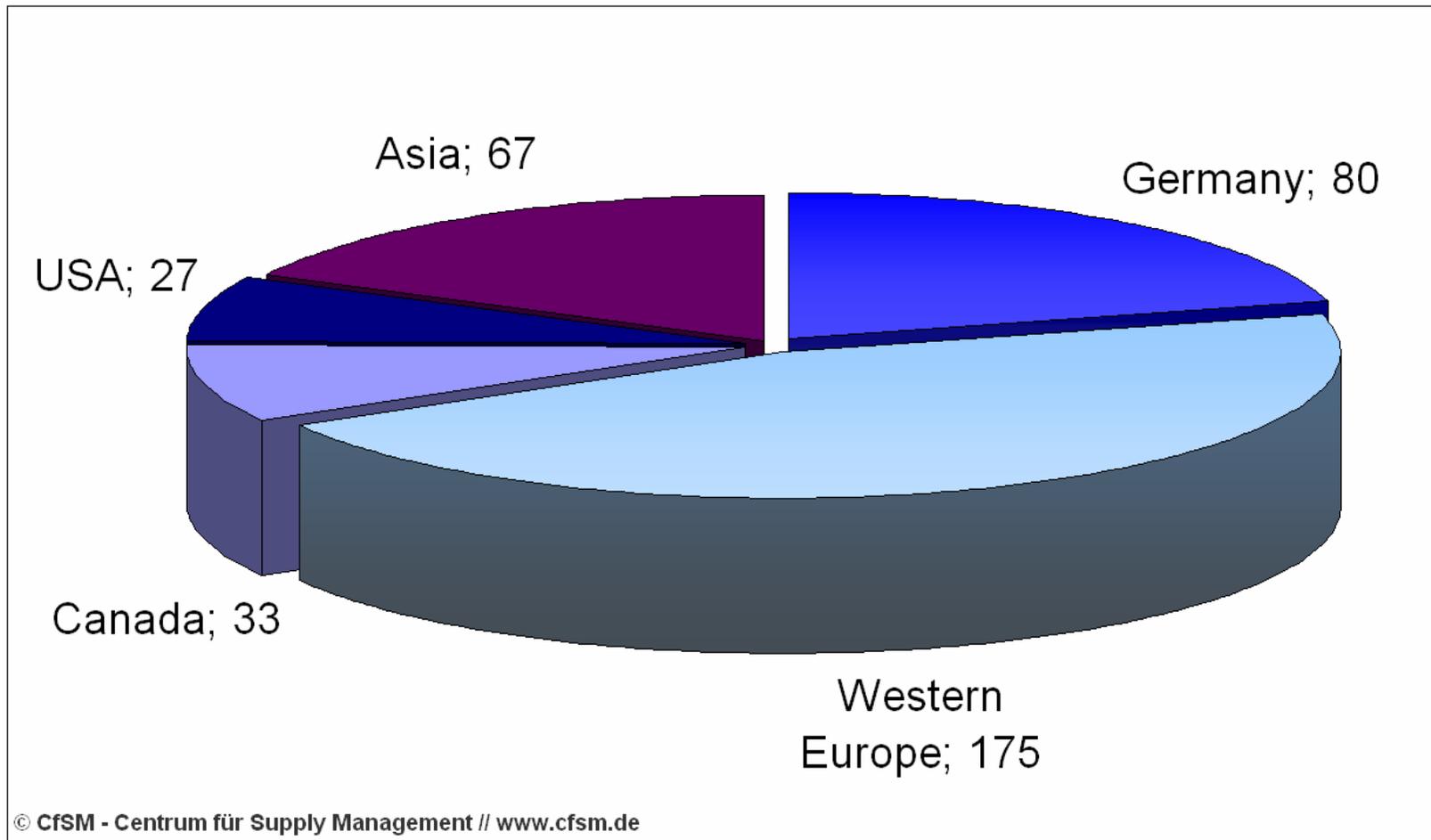
Netherlands		Nederlandse Vereniging voor Inkoop Management (NEVI)
Norway		Norsk Forbund for Innkjøp og Logistikk (NIMA)
Singapore		Singapore Institute of Purchasing and Materials Management (SIPMM)
South Africa		Institute of Purchasing and Supply South Africa (IPSA)
Spain		Asociacion Espanola de Responsables de Compras y de Existencias (AERCE)
Sweden		Inköp and Logistik (I&L) / Sif COMPETENCE
Switzerland		Schweizerischer Verband für Materialwirtschaft und Einkauf (SVME)
Thailand		Purchasing and Supply Chain Management Association of Thailand (PSCMT)
USA		Institute for Supply Management (ISM) CAPS

Company / business unit data

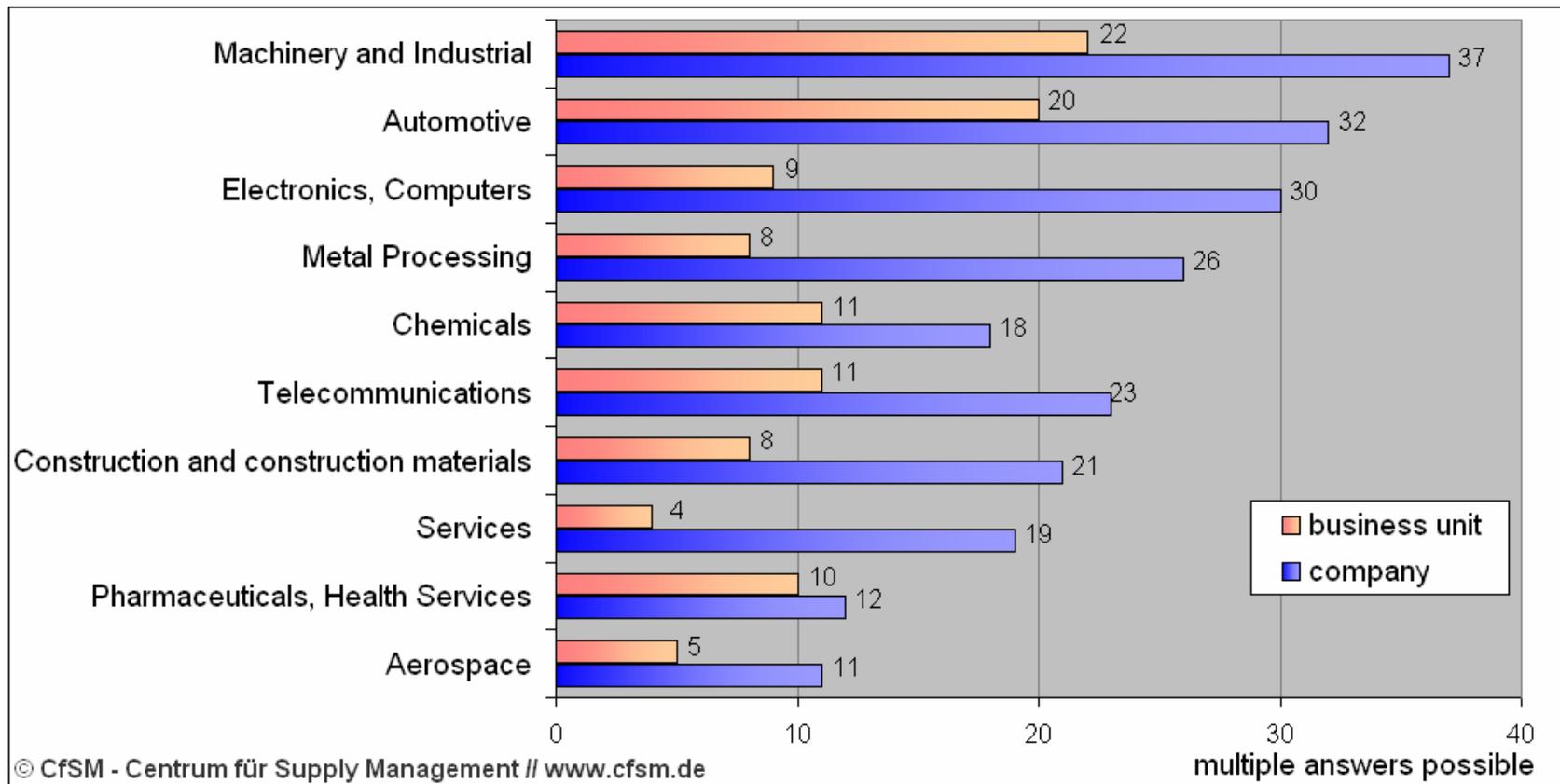
- **Country of headquarters**
- **Industry**

Country of headquarters

- 384 companies took part in the study
- (other countries (2) in sample not presented here)



Industry where company / business unit is mainly operating in

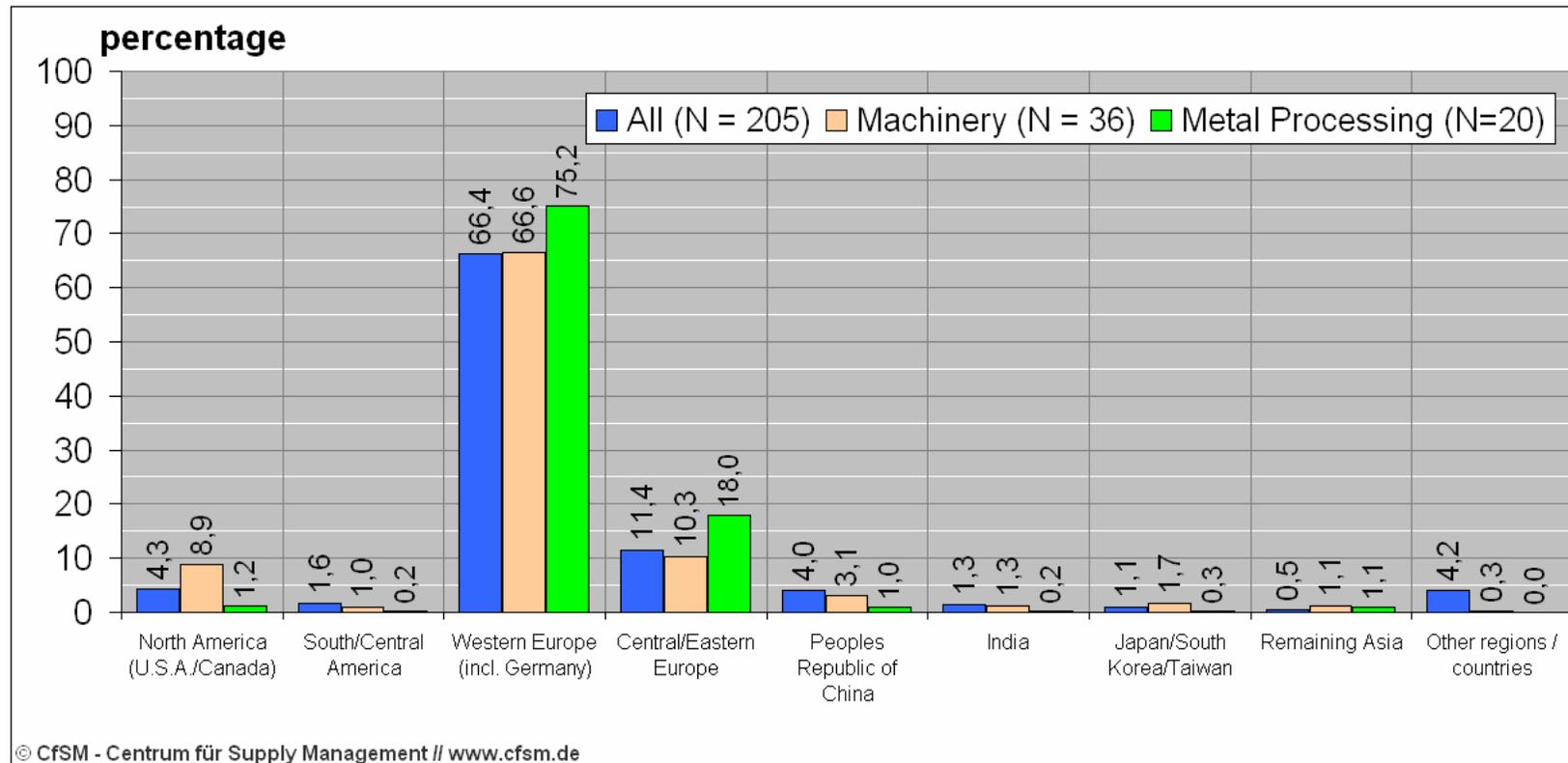


Specific Data of the Purchasing / Supply / Sourcing unit the answering person is responsible for

- **geographical regions where the total spend is consumed today and in the future**
- **sourcing regions for different consumption regions**
- **motivation**
- **potential benefits of different sourcing regions**

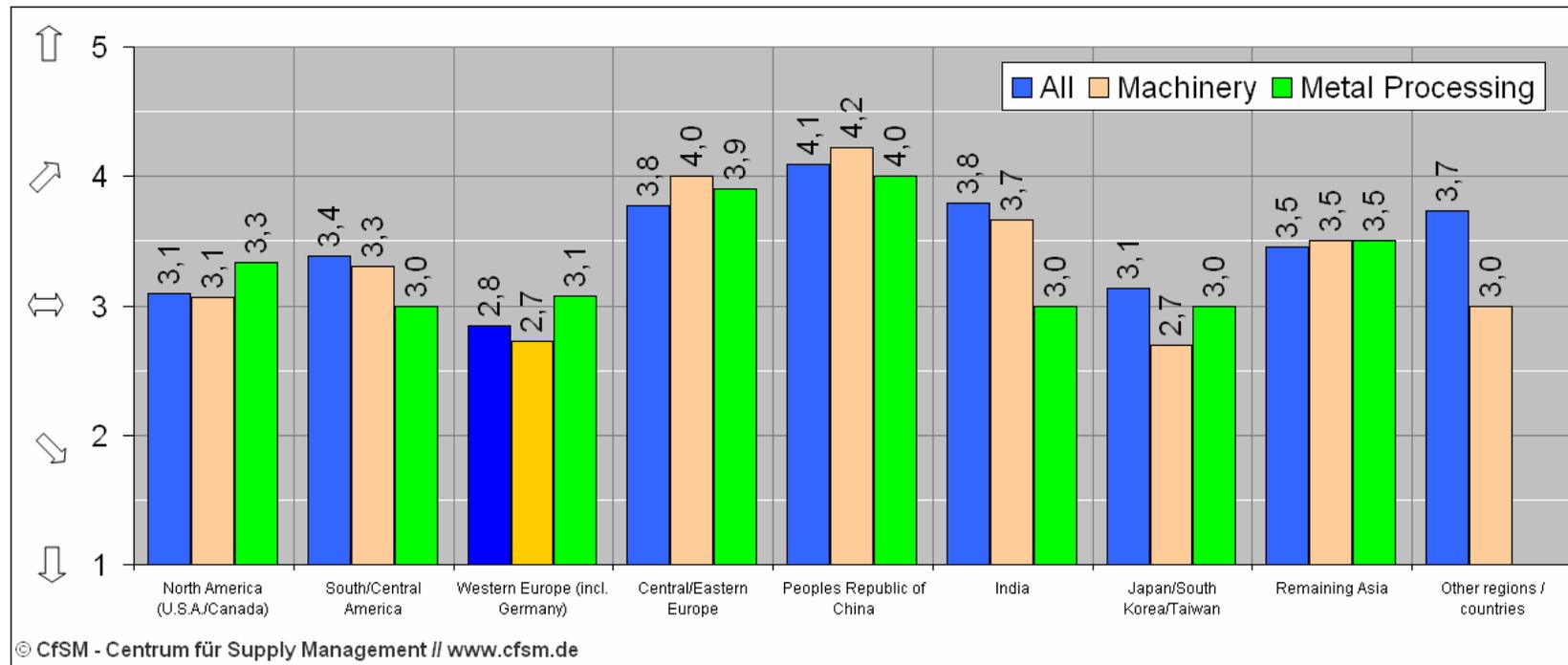
Geographical regions where total spend is consumed by western european companies

- Today WEC consume two thirds of their total spend in WE and can be therefore considered as being rather focused on domestic and regional production
- Only CEE can be considered as being a relevant second manufacturing region; with the exception of NA for machinery
- Metal Processing is concentrated in WE and CEE



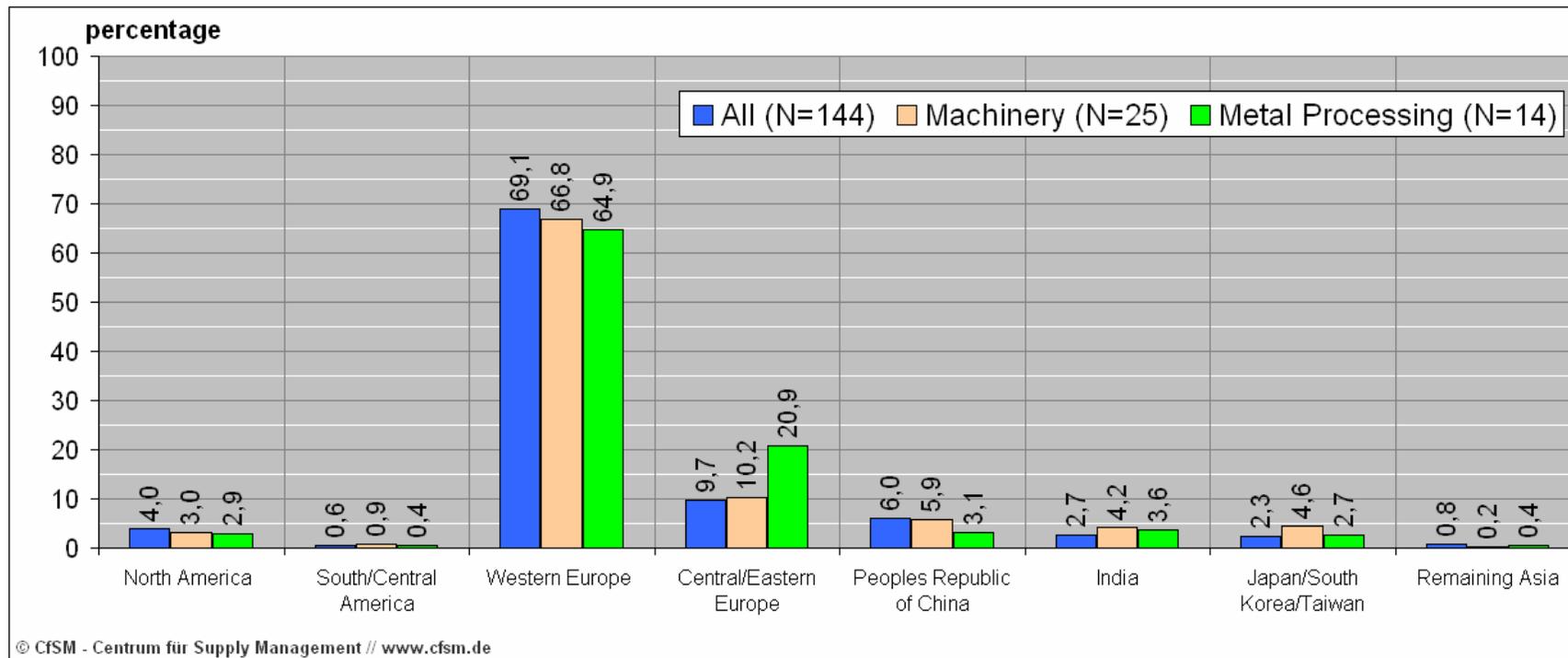
Change of consumption region in next five years (Western European Companies)

- WEC will increase production first of all in CN, closely followed by India and CEE
- Both industries see development more or less as average
- Consumption of total spend and therefore production in WE will slightly decrease; with the exception of metal processing



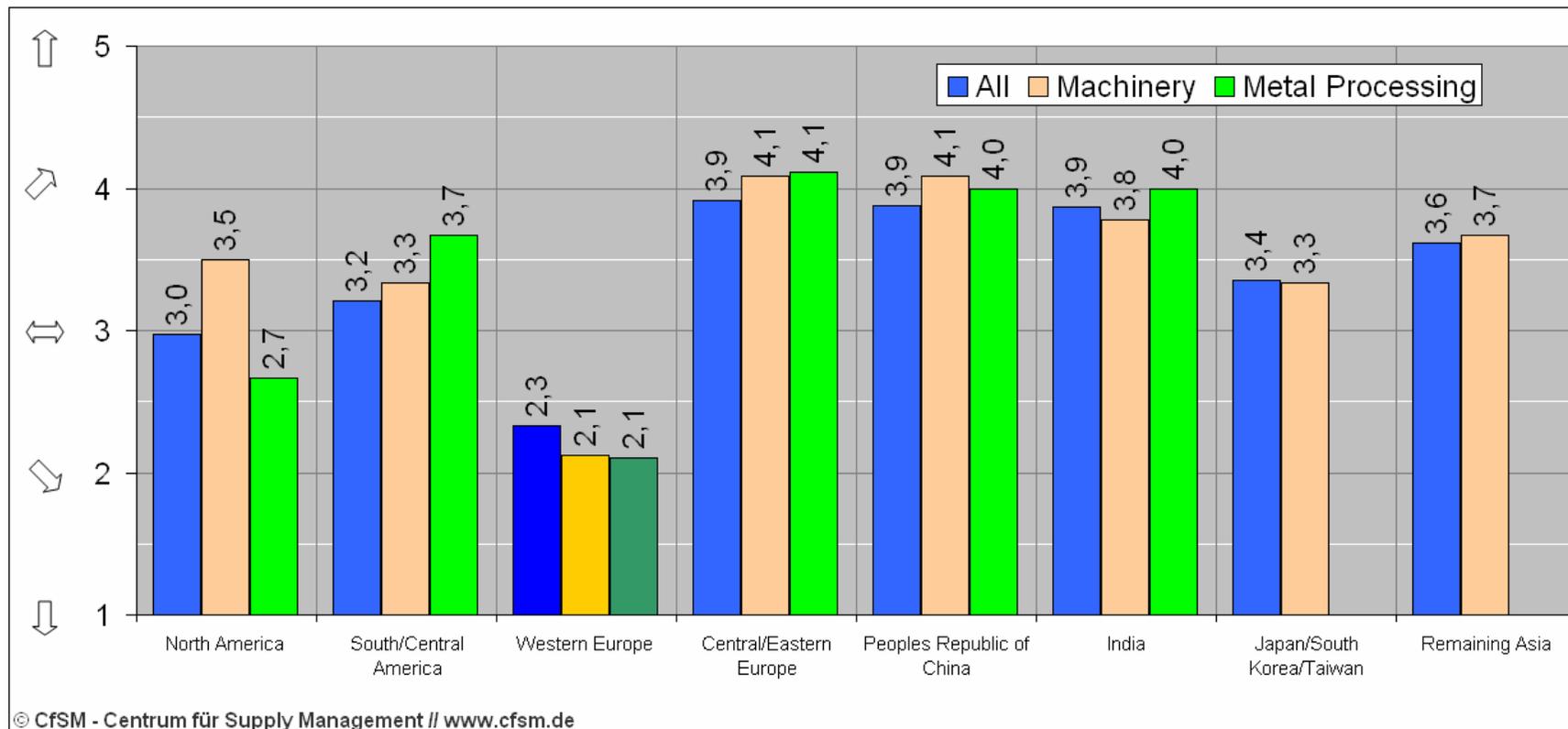
Geographical region where total spend consumed in Western Europe is sourced from

- Total spend consumed in WE is mainly sourced in this region (69%)
- Only CEE (9.7%) plays a significant role as supply market, followed by CN (6%), while others fall behind
- Today metal processing is below average in WE as well in CN and clearly above average in CEE
- Machinery is about average with the exception of India and JP/KR/TW



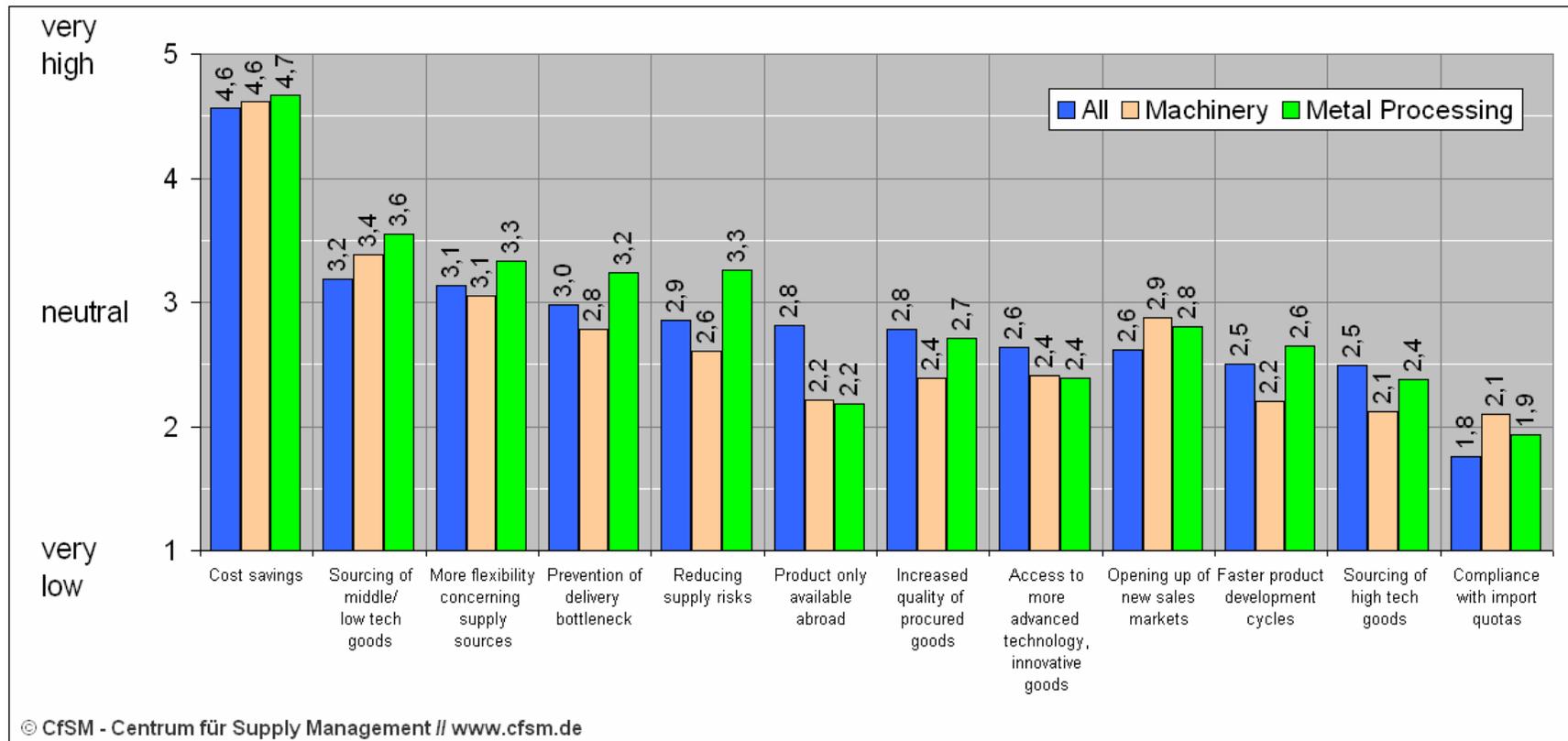
How will this change over the next 5 years (2007-2011) (Western European Countries)?

- CEE, CN, and India will become more attractive supply markets, followed by remaining asia
- Sourcing from WE for consumption in WE will decrease significantly
- CEE is slightly more attractive then Asia to both industries
- Both industries will reduce the share of WE sourcing above average



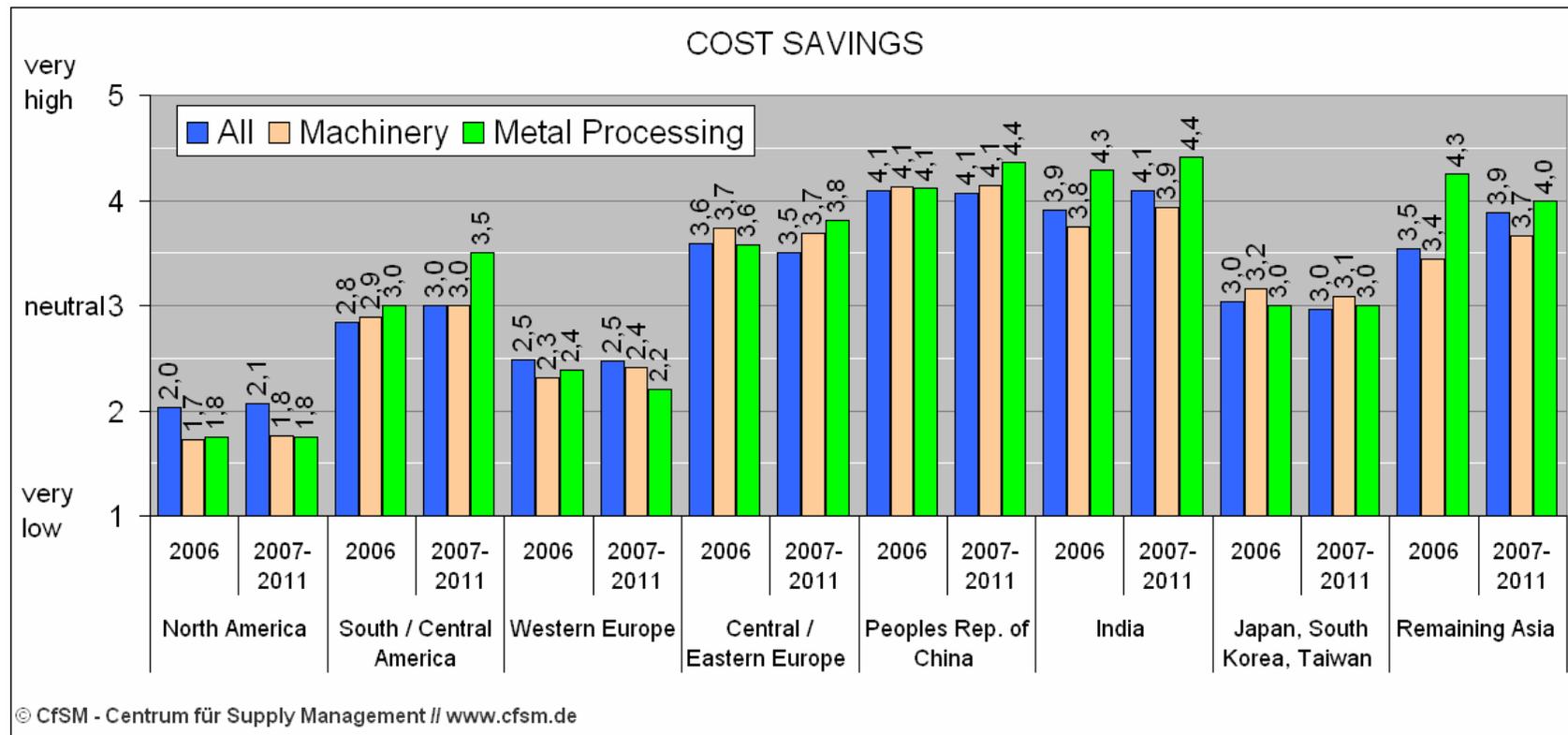
Motivation – original decision to source internationally (answered by western european companies)

- Western European Companies are only cost driven in Global Sourcing
- Metal processing is also cost driven, but flexibility and risks of the supply chain are more focused than average



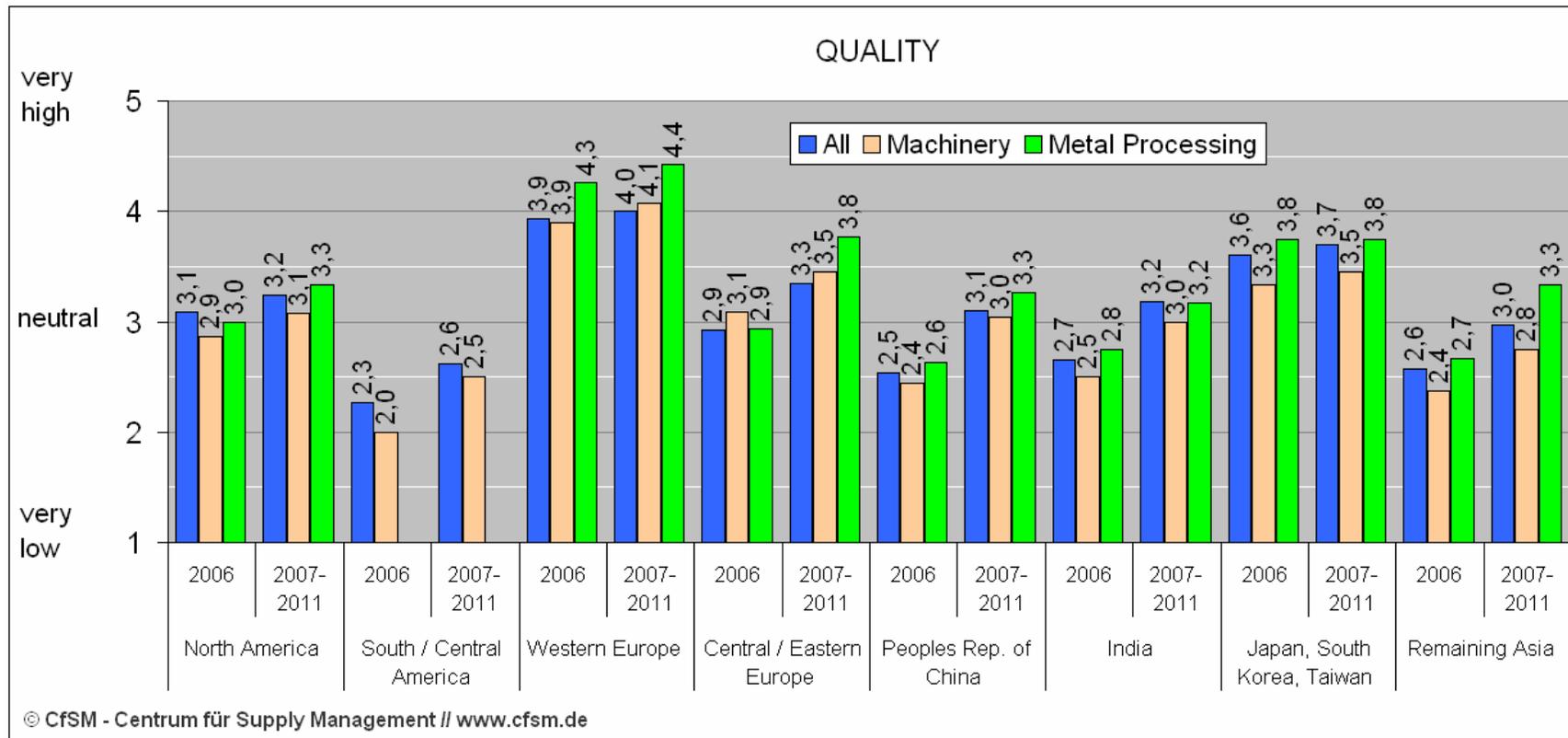
Benefits for supplies from sourcing regions today and for the next 5 years (answered by Western European Companies)

- Today highest potential for cost savings are supposed in CN and India
- In the next years remaining Asia (Vietnam, Cambodia etc.) will catch up CN and India; for metal processing it is on one level with CN and India already
- CEE will loose slightly potential



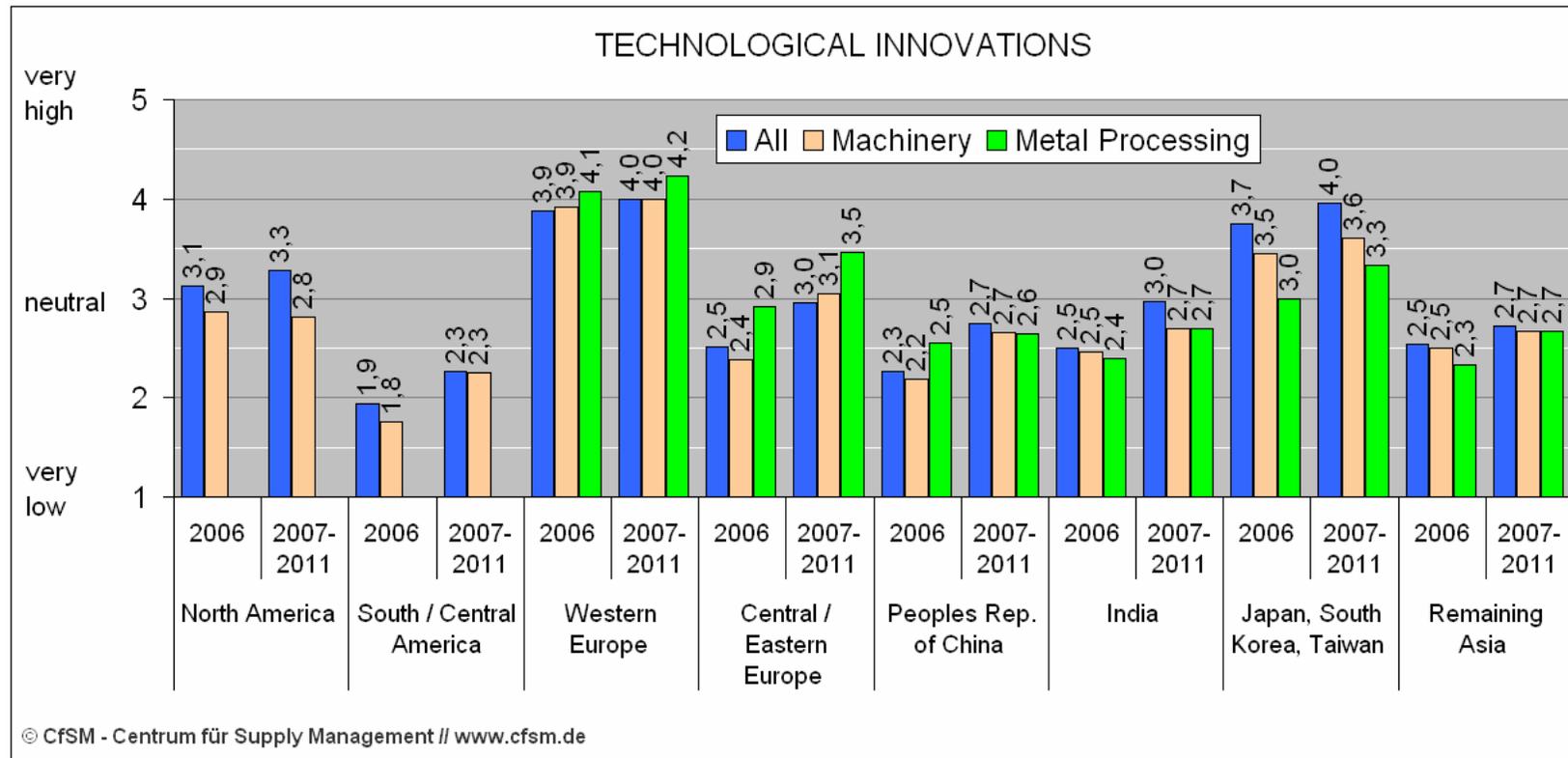
Benefits for supplies from sourcing regions today and for the next 5 years (answered by Western European Companies)

- Today CN, India and remaining Asia are clearly behind WE for quality reasons
- CEE will keep the advantage among LCCs
- Metal processing: WE keep its strong position; CEE will catch up



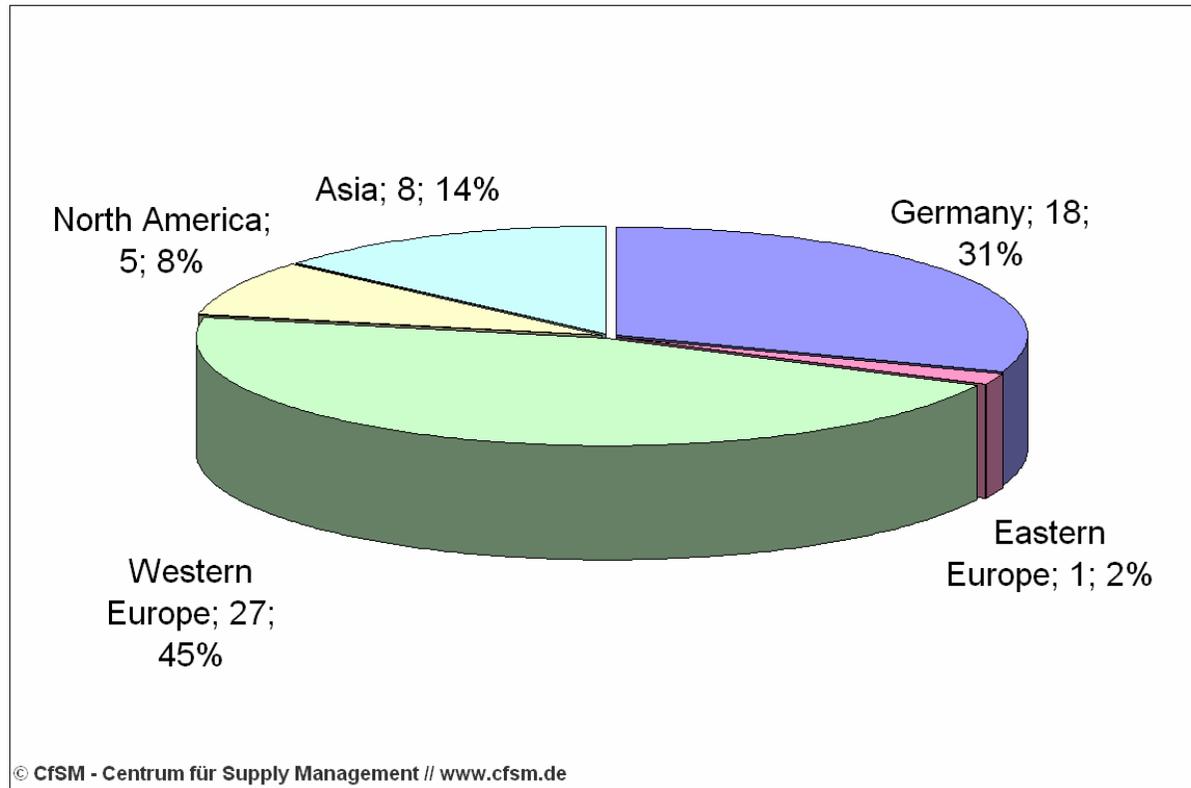
Benefits for supplies from sourcing regions today and for the next 5 years (answered by Western European Companies)

- Today all LCCs are clearly behind WE
- In the next years they will catch up a little but won't be able to close the gap
- Metal processing: CEE will catch up WE and outpace even JP/KR/TW



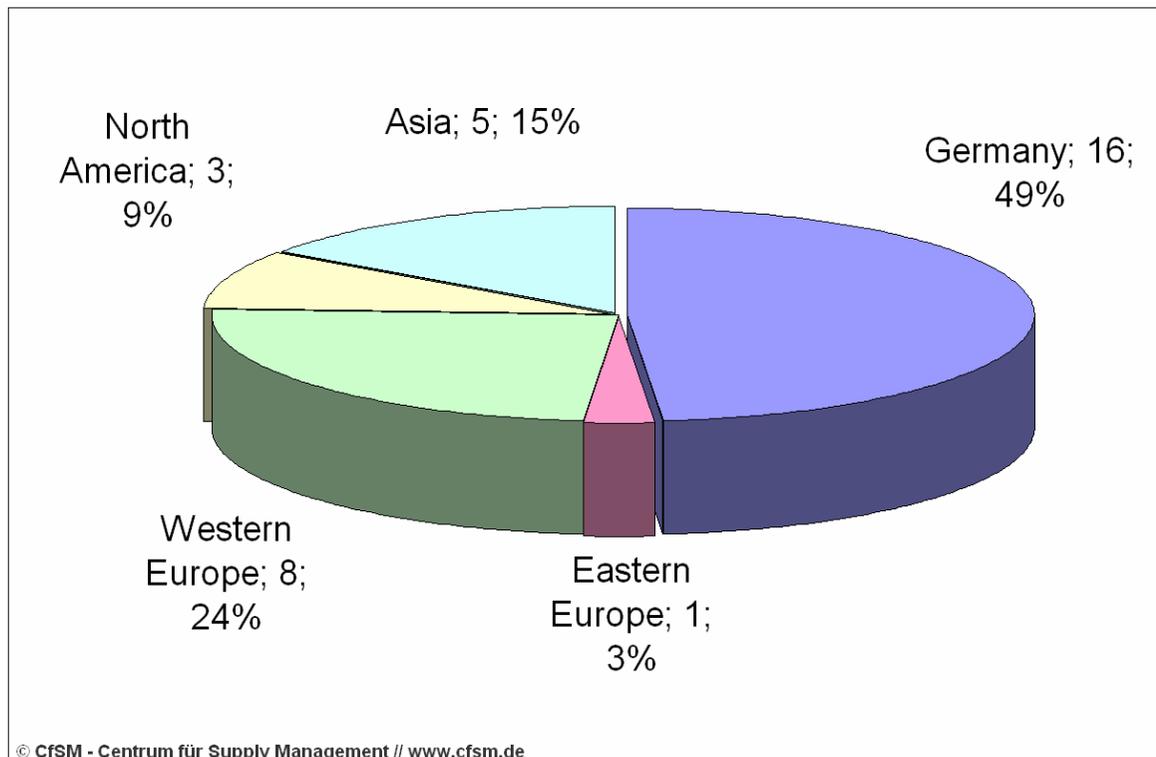
Analysis demographics

Analysis demographics: Machinery and Industrial



	occurence
Belgium	1
PR China	5
Germany	18
France	5
UK	1
India	3
Canada	3
Norway	1
Austria	7
Sweden	3
Switzerland	3
Spain	6
Czech Republic	1
USA	2
sum	59

Analysis demographics: Metal Processing



	occurence
Belgium	1
PR China	1
Germany	16
France	2
India	1
Cambodia	1
Canada	2
Malaysia	2
Austria	2
Switzerland	3
Czech Republic	1
USA	1
sum	33

Further perspective of evaluation

- “average” vs. “best-in-class”
- view of north american and asian countries and companies
- view of different industries
- view of companies with different sizes
- view of different products (raw materials, semi-finished, finished)

Further statistical evaluation

- most competitive factors and competitive position in the industry
- total spend today; changes over the past 5 and the next 5 years
- highest purchasing officer (rank, reporting)
- purchasing/supply operating expenditures (budget) today; changes over the past 5 and the next 5 years
- purchasing/supply operating expenditures (budget) for international sourcing today; changes over the past 5 and the next 5 years
- net effects of hard savings today; over the past 5 and the next 5 years
- number of employees assigned to strategic tasks; share related to all employees in purchasing/supply organization; changes over the past 5 and the next 5 years

Further statistical evaluation

- key performance indicators to which the superior set targets
- strategic behaviour of the supply organization
- institutions/organizational designs to support international sourcing
- locations of the purchasing organization

- influence on share of international sourcing
(size of enterprise, international sourcing experience...)
- differences in sourcing pattern according to geographical regions
- correlation between benefits of a sourcing region and the share of international sourcing
- correlation between success of international sourcing and the structure, size and budget of the purchasing organization
- etc.

**For an in-depth benchmarking
according to your company profile**

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