



# 2014 SUPPLIER CONFERENCE

MAY 1, 2014

PARTNERING TO PROVIDE VALUE

# BUSINESS SUMMARY

- Steady growth since 2008
  - Suppliers have especially benefited from significant growth in 2013
- Market conditions are extremely competitive requiring price, quality, delivery, innovation and post sales support that exceeds customer expectations
- Suppliers have significant opportunity to engage in product introductions and value analysis/engineering events

# ACHIEVING LEAN IN SUPPLY CHAIN

Redefine value in the customer-supplier relationship

## Challenge #1

- Commit to VMI/SMI system for maximum flexibility – Supporting velocity improvement initiatives
- Shift thinking on-time delivery metric to “line outage” measure as an indicator of value to the customer

## Challenge #2

- Shift the thinking from meeting specification to being involved in specification development for increased understanding of component application.
- Is there an opportunity for A/S to define value in the supply chain relationship?

# SUPPLIER PERFORMANCE

- Performance improvement opportunities exist
- Alto-Shaam is improving its processes to assist in achieving higher level of performance
- Supplier is responsible for:
  - Proactively addressing performance issues
  - Understanding Supplier Scorecard metrics
  - Communicating across their organization

# SUPPLY CHAIN MANAGEMENT

## OBJECTIVES 2014-15

- **Quality**
  - PPM/Warranty Reduction
  - Production Part Approval Process (PPAP)
  - “Approved Suppliers”
- **Product Development**
  - New Products
  - Design Specification: Clarity and Acceptance
  - Technology / Innovation
- **Cost Management**
  - Aggressive Reductions
  - Value Analysis
  - Cost Analysis
- **Delivery**
  - Lead-Time Reduction
  - Lean Inventories
  - Bar-Coding (Pack Slips)

# SUPPLY CHAIN MANAGEMENT

## OBJECTIVES 2014-15 (CONT'D)

- Category Sourcing Strategies
- Supplier Portal
  - Regular communications and continued enhancements
- Standardized agreements
  - 1) Supplier Operating Agreement
  - 2) Supplier Managed Inventory (at Alto-Shaam)
  - 3) Supplier Stocking (At Supplier)
- Electronic Data Interchange (EDI)
  - Purchase orders, Releases, Shipments

# SUMMARY

- ✓ Increase our value contribution
- ✓ Build strong partnerships
- ✓ Business expectations increasing
- ✓ Don't fall into the trap of relationship complacency
- ✓ Growth opportunities!

