

“Supply Chain Management”

AUTOMOTIVE
SUMMIT 2014



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AUTOMOTIVE STABILITY

Automotive Summit Thailand
20 June 2014
Bitec Bangna

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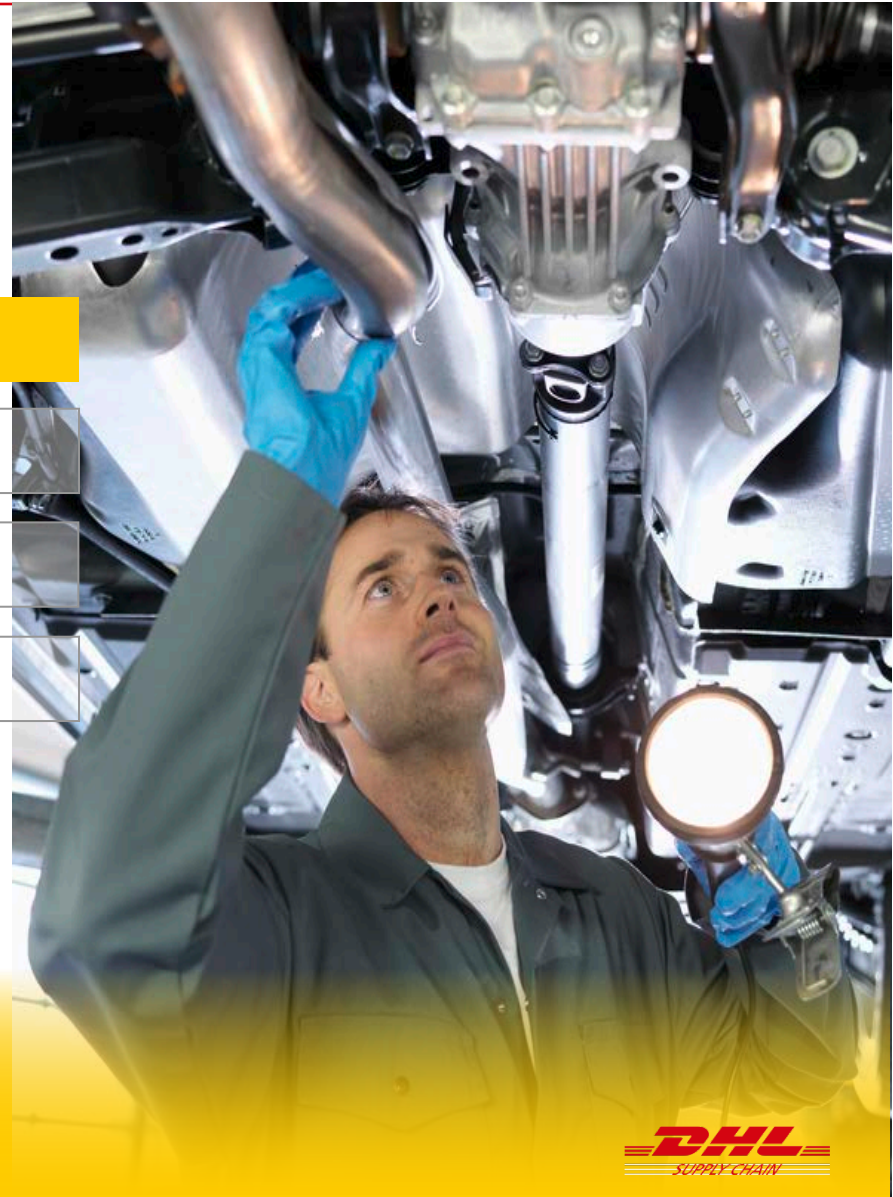
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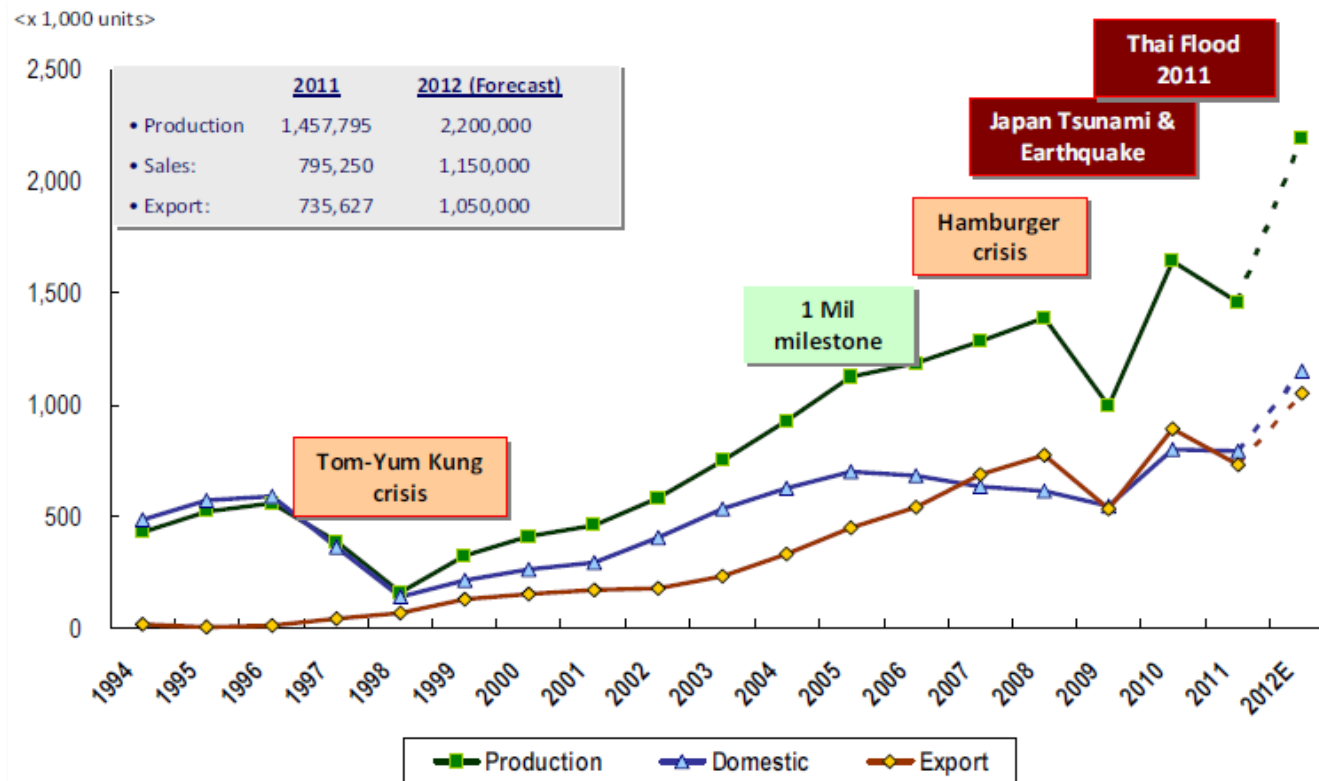
Looking outside the sector

Collective questioning



DID WE BELIEVE THE GROWTH?

Thai Automotive Industry Situation



Expectations in 2012 were very high given new car buyer scheme, Eco car and flood recovery efforts

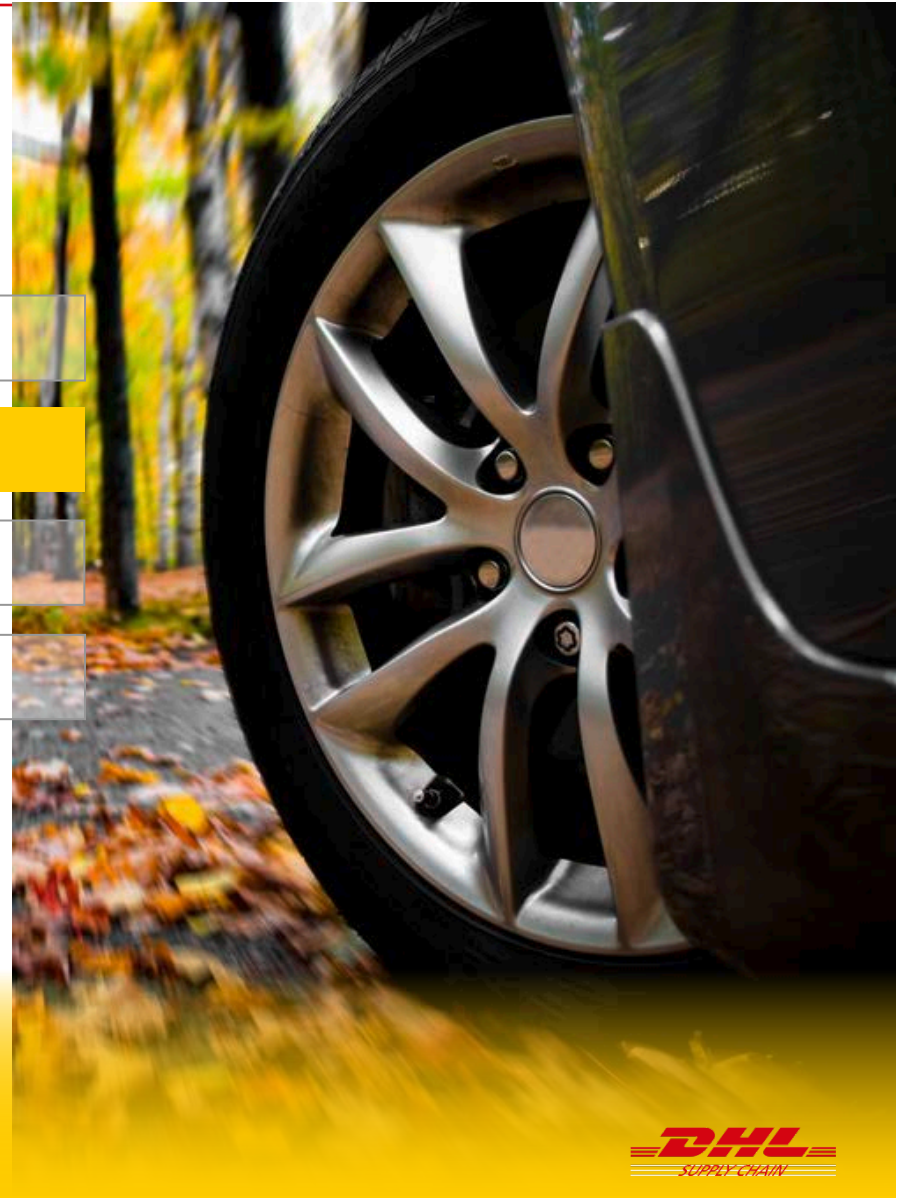
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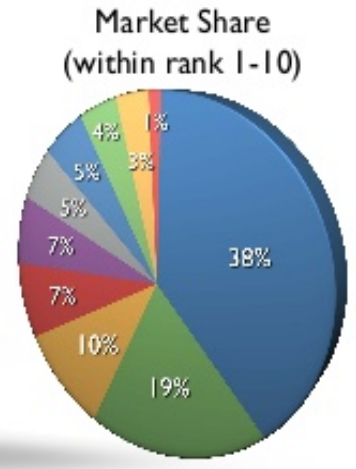
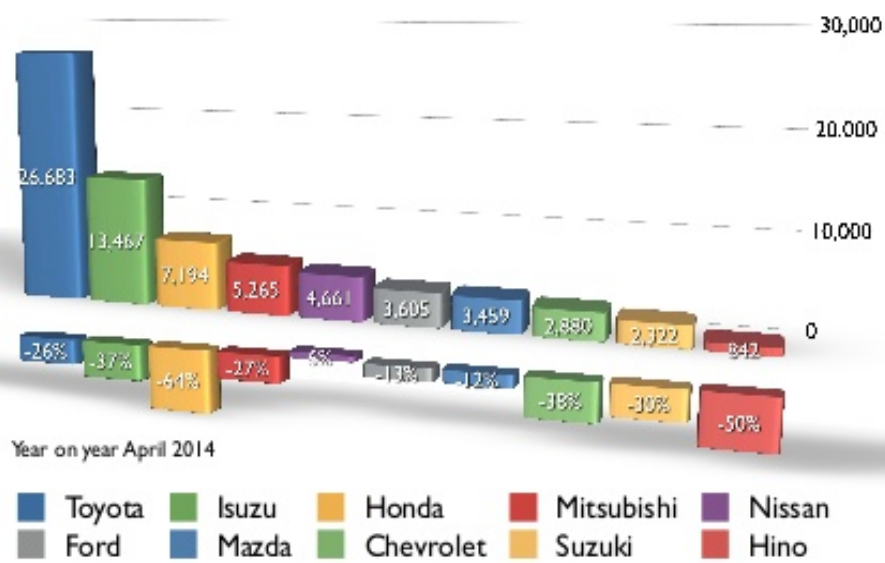
Collective questioning



YOY SALES – ACTUAL TO JUNE

Thailand Domestic Sales

Thailand Domestic Sales
All vehicles April 2014:
73,260 Vehicles – The Top 10



Downturn
in mostly
every
major
provider

Source: Toyota Thailand

thai
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OUTPUT TREND

Thailand Automotive Statistics April 2014



Total Production in 1,000 units



We are all facing the issues on Volume base

Source: Federation of Thai Industries, Thailand Automotive Institute

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STRENGTHS AND WEAKNESSES – CURRENT ENVIRONMENT

WEAKNESSES

- Exports are declining in line with global trends and upward exchange pressures
- Local sales decline
 - 1st car buyers scheme inflation to 2nd hand and default situation
 - Infrastructure in country not supportive to growth
- Countries competing in SSEA competition and growth
- Resources drain (especially skilled)
- Government unity
- Stronger unionization

STRENGTHS

- Pick up model centralization (economies of scale)
- Geographical cluster effect
- Strong supplier network when comparing to our neighbors
- Supporting Government given Auto contributes 12% to GDP and 8% to total
- Employment
- Geographic position under AEC

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STRENGTHS AND WEAKNESSES – WHAT DO OTHER SECTORS DO?

Not just the Auto industry is facing pressures on sales and manufacturing stability.....

Lets look into the consumer, retail and wholesale sector for logistics alignment to see how they are forming common agreements to move the industry forward.....

ECR (EFFICIENT CONSUMER RESPONSE)

About ECR

“ECR” is a concept of proposal of Logistics & Supply Chain Management for applicable industries including Consumer goods, Wholesale and Retail.

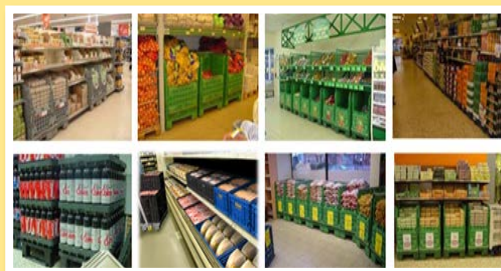
ECR Thailand is an independent joint trade, launched in 1999, to promote the use of **ECR techniques** to remove unnecessary costs from the supply chain.

Objectives of Conference is a network session to update the FMCG ECR community on the advances in our industries.

ECR Projects



1. Returnable Packaging



2. On-Shelf Availability (OSA)

The reason why ECR Thailand give high priority to OSA improvement and set up as a ECR working project is to meet consumer satisfaction and achieve retailers' and manufacturers' business goals.

To deliver great product On Shelf Availability, collaboration across manufacturers, retailers, and stores is crucial. We all need to work together to minimize losses along the chain. It is very important to continuously improve OSA, so that the consumers can trust us every time they can buy the products they want.

According to significant benefit of OSA, the OSA working team have defined OSA definition, standard loss tree, loss owner, standard solution, KPI. This is also the opportunity for us to share knowledge and learn from each other.

3. Standard Pallet Height

- Optimize transportation and Space utilization, improve truck turn around time and improve flow in the warehouse operation



4. Sale More, Loss Less



A Case Study in Collaboration
Sell More / Loose Less Workshop



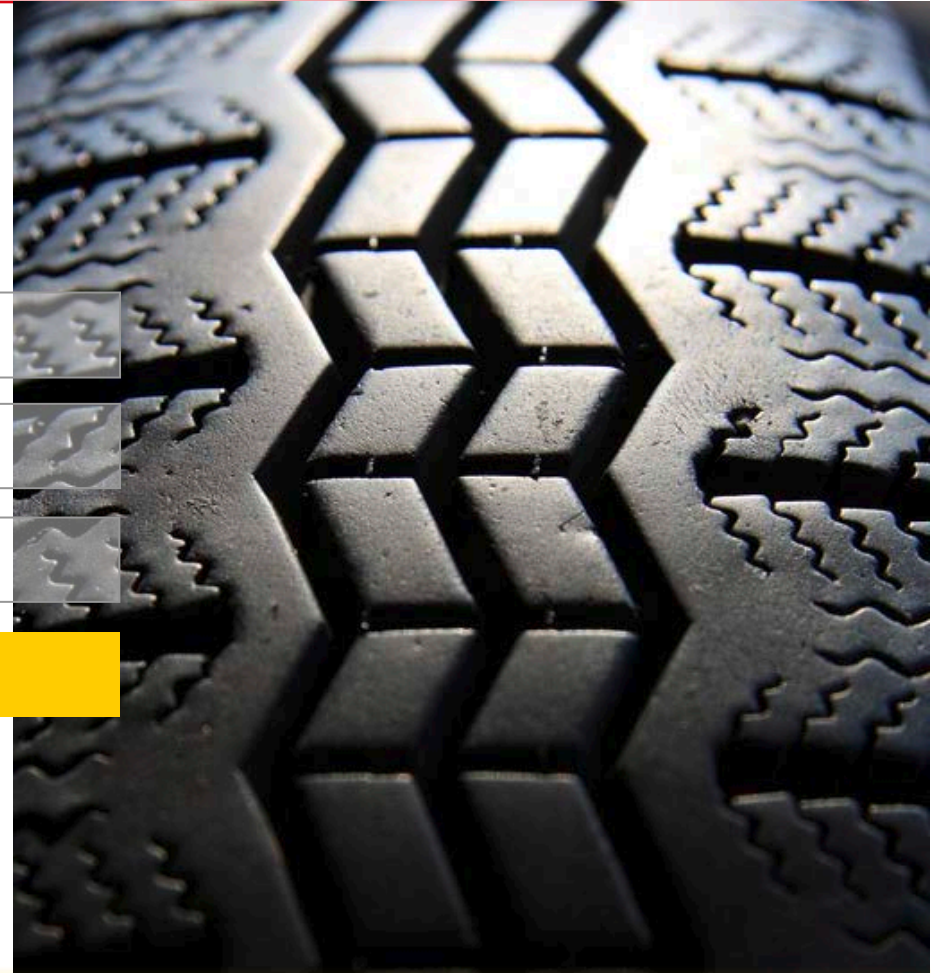
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STRENGTHS AND WEAKNESSES – WHAT CAN WE DO BETTER COLLECTIVELY?

» Synergies with supply chain i.e.

- **Packaging standards**
 - Does it fit to pallet / truck / container? Compatible with multi OEM's?
- **Labels** (i.e. per North American standard)
 - Enabler for new technology and methodology reducing need for wages and increasing accuracy in the Supply Chain
- **Inbound and outbound activities linked**
 - No one way transport philosophy
- **Track, traced and secure live supply chains**
 - Secure parts and packaging for end to end deliveries

» Wage and bonus synergies

» Economies of scale (Sourcing)

» Resources sharing

» Best practice sharing

» Union approaches.....

Imagine...
What else could we achieve together, and tap into the unique synergies this country represents...

PACKING STANDARD EXAMPLES



Height of package not over than 2.2 m

Double stack not over 2.2m



Add dummy to cube



Height of package not over than 1.1m

Using plastic box, double stack

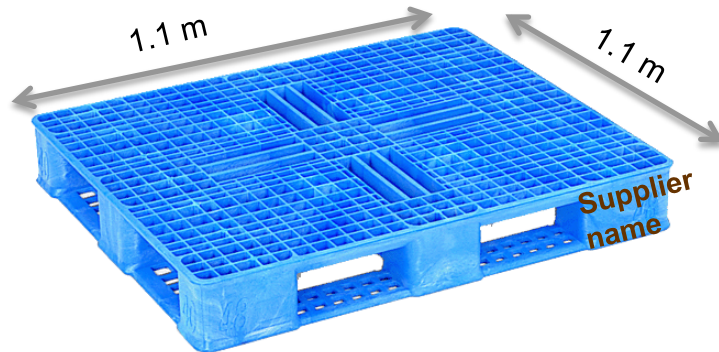


TP standard

Whilst these are examples of local potential standards, imagine what we could achieve with collaboration as demonstrated through other sectors ????

Could we have modular line side collapsible packaging, designed for ultimate ergonomics, saving space lineside and in warehouse, cubing to trucks and used across multiple suppliers and OEM's?

PALLET STANDARD EXAMPLES



Example of potential local standard

Using plastic pallet

Standards used around the world and our challenge to standardize (Source Wikipedia)

Dimensions, mm (W × L)	Dimensions, in (W × L)	Wasted floor, ISO container	Region most used in
1016 × 1219	40.00 × 48.00	3.7% (20 pallets in 40 ft ISO)	North America
1000 × 1200	39.37 × 47.24	6.7%	Europe, Asia; similar to 40" × 48"
1165 × 1165	45.9 × 45.9	8.1%	Australia
1067 × 1067	42.00 × 42.00	11.5%	North America, Europe, Asia
1100 × 1100	43.30 × 43.30	14%	Asia
800 × 1200	31.50 × 47.24	15.2%	Europe; fits many doorways

A photograph of three DHL warehouse workers standing in a large warehouse aisle. They are all wearing yellow hard hats and high-visibility orange and white safety vests over their work clothes. They are holding up a large, bright yellow rectangular sign with the words "THANK YOU" written in bold, red, sans-serif capital letters. The background shows tall metal shelving units filled with cardboard boxes, typical of a distribution center. The floor is a dark, polished concrete. The lighting is bright and even, highlighting the workers and the sign.

THANK YOU