FULLSTEP

Gestamp Automoción: International reorganization of the purchasing function

GESTAMP AUTOMOCIÓN

Objectives of the project

- Increase professionalism, to drive and elevate the purchasing function within the organization
- Apply best management practices to improve the efficiency, transparency and traceability of processes
- Speed up synergies and the Group's potential to improve results optimising quality and service conditions and the prices of all the products and services acquired by the company.

"To implement an international purchasing model as advanced as the one implemented in Gestamp would not have been viable without the support of a specialised purchasing platform. We are convinced that if we had done it any other way, we would have needed three times more resources and we would still have run the risk of slowing down the whole process"

Antonio Arranz,
CPO Gestamp Automoción

Project background

Gestamp Automoción is one of the largest manufacturers of metal components and kits for vehicles in the world, with a presence in 17 countries, 70 production centres and 9 R&D centres and over 18,000 employees. The turnover in 2008 was 3,000 million Euros.

Due to the growth experienced by the Group in recent years, Gestamp decided to carry out a project to optimize the Group's global purchasing function. The largest challenge was to implement a purchasing model at a global level in which more than 100 buyers from several countries would share the same strategy, methodology, organization and purchasing systems.

Gestamp decides on an innovative model

In order to carry out such an ambitious project, Gestamp employed the services of Fullstep, who jointly developed a To Be Model with GESTAMP, following an initial diagnosis phase, incorporating important organizational improvements in Gestamp Automoción, including:

❑ **Implementation of an advanced matrix organization structure** in order to maintain contact with plant´s purchases and requirements. The department therefore organized itself into a corporate business unit divided into groups of materials (commodities), purchasing strategy was decided at corporate level by Commodity Managers for all of Gestamp's agreements, Local Purchasing managers where in the puzzle to implement corporate strategies & procedures, look after plants needs and for the execution of local negations.

❑ **Creation of a Purchasing Committee**, to take all the Group's purchasing decisions. This is one of the pillars of the new purchasing function. Teamwork based procedure, with the participation of users, managers and purchasing structure ensures the transparency and objectivity of decision making as well as encouraging collaboration.

❑ **Development of a new single purchasing process** for the whole Group based on:

- **Synergies achievement**: Process was driven to be the engine to find, execute and achieve Group Synergies.
- **Separation of functions**, buyer from procurer and user from buyer. Negotiators will only be specialised buyers. Rest of the functions and roles inside purchasing process where clearly defined and split in each of the company's departments.
- **Anticipation**: Involvement and intervention of the purchasing areas from the beginning of the process.
- **Agile**: execution without delays that would interfere in the daily operations of plants.
- **Monitoring** of targets and indicators: establishment of common, clear and simple rules for measuring the performance of the purchasing function.

❑ **Implementation of specialised support tools** for purchasing management: in order to guarantee the implementation of the model, to standardise processes and to share purchasing information at a global level. All the Group's purchasing teams is using the same IT purchasing platform, also developed by FULLSTEP, which would integrate with the different corporate ERPs of each plant.

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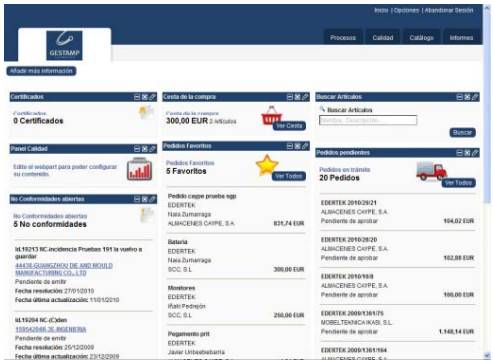
The first phase involved the implementation of the negotiation and **purchasing management module (FULLSTEP GS + FULLSTEP Portal)**, which would cover all the buyers' needs for managing purchasing processes. At the same time, a purchasing portal would be developed as a communication channel between suppliers and buyers during request for offer processes and subsequent negotiation phases.



2nd stage was to **control and anticipate purchase order approval workflow**. To handle this process **FULLSTEP PM** was implemented. This module is being used to manage internal requests approval work flow for CAPEX and OPEX purchase orders.

"We know that the purchasing function can become an excellent source of value generation for the organization, especially in a company like ours that operates in a sector in which costs determine a company's survival"

Antonio Arranz, CPO, Gestamp Automoción

And finally, a new project was carried out based on the **quality module** (FULLSTEP Quality Assurance) in order to standardize the quality criteria across all of the group's plants and to ensure that all suppliers comply with GESTAMP's quality requirements, as well as to improve the service and to highlight the costs of substandard quality

A ***Control Panel*** (Balance scorecard) is implemented extracting on line information from the FULLSTEP platform and the corporate ERPs in order to measure and control purchasing KPIs and the traceability of the savings, all the way down to the P&L.

Integrated Platform: All the applications are fully integrated with the different ERPs and Group's back-end systems: 2 different SAP R/3, AS400, 6 different MOVEX, DATASUL, MAPICS.

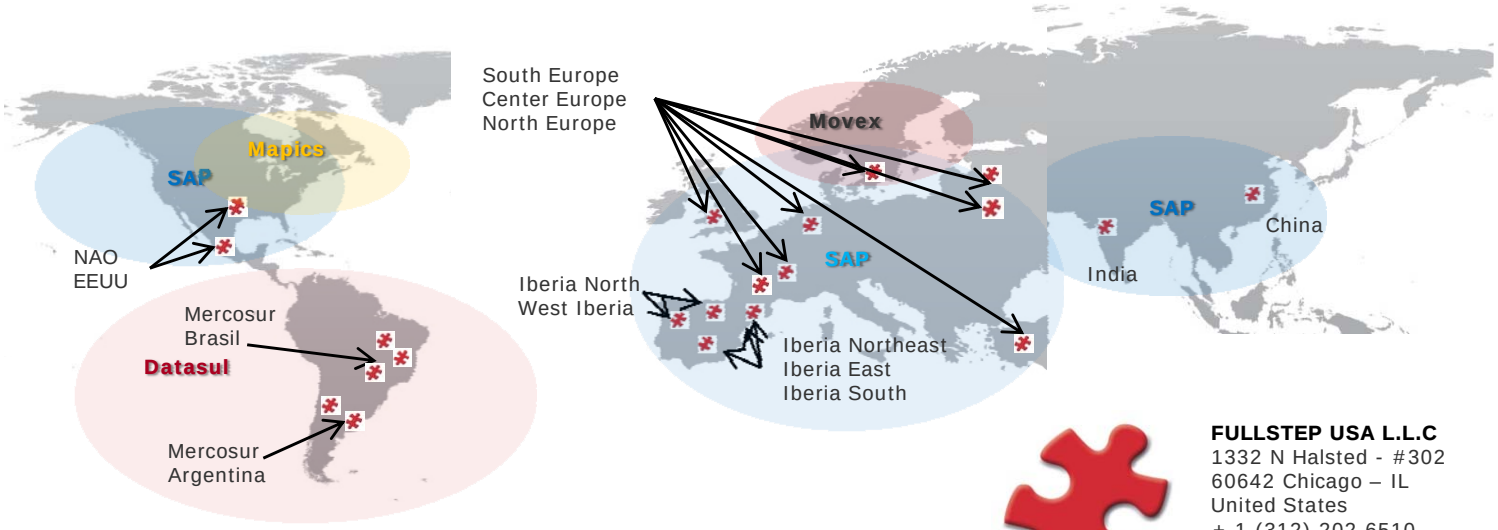
ECONOMICAL DATA (2010)

- ✓ **Negotiated amount 2010> 1.000 Mio€/year** (60% corresponding to raw materials)
- ✓ **Nº Processes:> 18.000** (15% via Purchasing Committee and 85% locally executed)
- ✓ **Average savings 4%** (Including raw materials – Steel)

During 2011 it will be carried out the implementation of Korea, Russia and USA expansion.

DEPLOYMENT METRICS (2010)

- ✓ **Deployment at production centers** : >50
- ✓ **Purchasing users** (GS): > 200
- ✓ **Petitioners** (Purchasing and orders) (PM): > 1.400 users
- ✓ **Supplier quality users** (QA): >50 **16 Production centers**.
- ✓ **Registered suppliers**: > 19.000
- ✓ **Processes per committee**: average 60/weekly



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