

Global Award Decisions – A Question of Category Strategy



**AUTOMOTIVE | SRM, SUPPLIER QUALIFICATION,
CLASSIFICATION, SUPPLIER REGISTRATION ESOURCING/Rfq**

"For us as a world market leader in automotive filtration, the right supplier base is strategically important for economically healthy and sustainable growth. JAGGAER opens up the possibility to implement strategically important processes even more efficiently, and to improve the control of purchasing at a global level."

— Hanno Höhn
Group Vice President Purchasing
MANN+HUMMEL GMBH

PROFILE

MANN+HUMMEL has been writing filtration history for more than 70 years. Quality, service and innovation make this traditional company a highly sought-after development partner and series supplier for the international automotive and mechanical engineering industries. Nearly 15,100 employees in more than 50 locations brought in revenue amounting to approximately 2.77 billion Euros in 2013. MANN+HUMMEL serve the automotive industry and industrial series and replacement parts market. The product portfolio for the automotive industry includes air filtration systems, liquid filtration systems, interior filters and synthetic cylinder head covers with a high level of integration as well as filter elements for maintenance and repair. For mechanical engineering, process engineering, and industrial manufacturing, MANN+HUMMEL offers industry filters, a program for reducing soot emissions in diesel motors, membrane filters for water filtration and filter systems. www.mann-hummel.com

MANN+HUMMEL is a sought-after development partner and series supplier for the international automotive and mechanical engineering industries. The vision of this well-established company is clearly defined: "Leadership in Filtration." As an innovative leader, MANN+HUMMEL doesn't want to just take part in market growth, they want to actively contribute to it and drive it forward.

THE CHALLENGE

Efficient and standardized processes are essential for planned growth at MANN+HUMMEL, and purchasing is not exempt. MANN+HUMMEL's global purchase volume reached nearly 1.7 billion Euros in the previous year. This amount can be broken down into 69% production materials (steel, punching and turned parts, filters, chemicals, seals, etc.) and 31% trade goods, non-

production materials and services. Central Purchasing at MANN+HUMMEL is responsible for the planning and organization of global purchasing. Strategic commodity management is also controlled centrally, has a global mandate, and covers more than 90% of the company's purchasing volume for production materials worldwide. Project and series purchasing is carried out locally at more than 40 locations. Only with the right supply base can MANN+HUMMEL put innovative, high quality products on the market, and reach their strategic goals. An important step that ensured that communications with suppliers run smoothly was the decision to introduce a supply base portal.

THE SOLUTION

MANN+HUMMEL chose to use JAGGAER's direct Supply Base Portal, which create the basis for implementing commodity-specific supplier strategies. Previously, suppliers had to go through multiple systems. These existing systems have now been successively integrated into the new supply base portal so that the suppliers only have to use one system. The platform brings the purchasing organization one step closer to their vision:

"One portal, one face towards the supplier."

IT DEPENDS ON THE COMMODITY

Supplier registration and approval is very complex at MANN+HUMMEL, and is completed via the supply base portal. Suppliers register themselves online and fill in a commodity-specific questionnaire. The specialized approval process has multiple steps and is unique because MANN+HUMMEL differentiates between suppliers for production materials and suppliers for non-production materials and services when completing the registration and approval process. Depending on the type of commodity, a different internal approval workflow is initiated. While the release process for suppliers of non-production materials is operated by the Purchasing Managers at each location, the approval of suppliers for production material is completed by Commodity Managers for the corresponding commodities. Precise information about each supplier's performance, which is critical for the decision-making process, is gathered from the commodity-specific questionnaires. Information about suppliers,

commodities, conditions and prices all come together in one central location in the system, and form the basis for all significant tactical and strategic sourcing processes.

MANN+HUMMEL has high expectations and requirements for their suppliers when it comes to quality, which is why the initial approval is only finalized after an audit is carried out by Supplier Development. This department is informed about

base. Despite a high level of standardization, specialized regional requirements sometimes demand a specialized solution within the system.

Once a supplier has been approved, they are automatically classified at the regional level in order to evaluate local and global demands in the entire MANN+HUMMEL portfolio. This makes the entire supply base strategy more efficient

GOALS REACHED WITH JAGGAER

- Continuous processing of supplier registration and approval via the Supply Base Portal.
- Classification of supplier master data with specialized and differentiated approval process
- Supplier onboarding using category-specific questionnaires.
- Supplier classification according to region and commodity.
- Focus on strategic suppliers using "Approved Vendor" list.
- Simplification and standardization of RFQ process in the portal.

the supplier via e-mail early on in the approval process, and can initiate activities, such as audits, beforehand. The online portal makes it much easier to manage these differentiated and standardized processes, and is therefore necessary to ensure an optimal supply

and helps to control the number of suppliers for each commodity. The regular classification of suppliers within the portal is the basis for identifying strategic gaps between the current strategy and strategy derived from MANN+HUMMEL's supplier portfolio. The standardized

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classification also helps to determine the demands that would be made of the suppliers and their development potential. For the supplier, this means that targeted communication and cooperation based on the motto "Connected for Success" is guaranteed.

STRATEGIC SUPPLIERS PREFERRED

Processing RFQs via the supply base portal makes things much easier for Purchasing. The eRFQ allows

buyers to create an RFQ directly in the system and send it to selected suppliers via email. The suppliers then submit their offers online, where they can then be compared automatically with the Quote Comparison feature, which includes a standardized cost break down. The standardization of the entire RFQ process within the corporation increases process quality significantly. Standard documents, such as purchasing requirements and norms, are available to buyers in one central location

and in their most up-to-date versions.

Within the framework of eRFQs, only those suppliers who have a "preferred", "potential", or "approved" status within their specific commodity and region can be sent RFQs. This allows MANN+HUMMEL to focus on strategic suppliers for new contract awards. Adding suppliers with the status "blocked" is prevented. Having the entire RFQ process operate on a single platform avoids intersections

of partial processes, thereby increasing efficiency and transparency. Since all of the RFQ information is submitted to one location in the platform, these data can be easily analyzed and serve as a good basis for negotiations with suppliers.

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