Outsourcing

International trade & Management Seminar 2016

In cooperation with PERSIS MIND EXPLORER

Tehran, October 20th. 2016

Adel Sadek

Persis
Mind Explorer

Personal data:

- Adel Sadek, B.Sc. Mechanical engineering 1996
- Work experiences:
  - **MAN B&W (MAN Diesel)**
    - Design engineer – Medium bore diesel engines.
  - **Nokia**
    - Test system designer
      - Responsible for the test equipment design & implementation.
    - Test & Final assembly specialist
      - Responsible for the Final assembly line design & implementation
    - Mechanics Sourcing Manager
      - Responsible for capacity calculation, supply chain management & prices.
  - **FOSS Analytical Devices A/S**
    - Project Sourcing team manager
      - Team leader for all new products implementation, supply chain & cost management.
  - **GN Hearing**
    - Sourcing project manager
      - NPI business cases & cost management
      - Sustaining projects & cost optimization

The need for Purchasing & Sourcing:

- **Purchasing:**
    - Medium & small size companies, which don't have production capacity or organization.
    - Clear market target to ensure a fast sale, and various product segments.
    - "Short life products" – " One time show"This might be the option for these companies.
    - No responsibilities for any main or sub process. Neither quality control process.

- **Sourcing:**
    - All type of companies with existing R&D organizations.
    - Companies whom has need for sub or main production outside their own facilities.
    - Having main or shared responsibilities for design, quality and final product specifications.
    - Ownership for documentation & Change management.

Persis
Mind Explorer

Sourcing >< Purchasing:

- **Sourcing understanding and the different from purchasing**
- **Purchasing:**
  - To buy a final product without having influence on the production process
  - No owner ship for the design process
  - Limited monitor of the sub process quality problems
  - Limited access to the product documentation.
  - Limited knowledge for the product.
  - Have a final price only.
- **Sourcing:**
  - To buy process to finalize/produce a certain defined product or sub-assembly
  - Having clear or shared ownership of the design (joint R&D)
  - Having shared responsibilities of the design process.
  - Having shared responsibilities of the quality problems & corrective action.
  - Having ownership of the documentation – Ability to production to other locations/suppliers.
  - Can do the final approval of the product, before shipping to customer
  - Having a cost break down with all sub-processes & material prices.

Persis
Mind Explorer

Outsourcing process:

- **Product definition:**
  - Ensure to have the product specification.
  - All needed data sheet for parts are available.
  - Material selection been defined.
  - Documentation/drawings are approved & available.

- **Supplier scanning:**
  - Production location & facilities
  - Define the need at supplier:
    - Production processes
    - Material availability
    - Quality control processes
    - Supply chain & logistic
  - Common understanding for the quality level needed.

Persis
Mind Explorer

Outsourcing process:

- ## Documentation approval
  - The documentation to be approved by suppliers.
  - Ensure to discuss the processes & lead time.

- ## Change management process
  - Agree with the suppliers about the change process, and defined a clear Roles & Responsibilities.
  - Ensure all changes been documented and implemented correctly.

- ## Approve the final product for the ramp up.
  - Documentation are approved and implemented.
  - All specified material & processes are available & correctly followed.

- ## Continues improvement.
  - This is to be agreed on, according to an expected target and MFR (Manufacturing failure rate).

Working culture & Discrepancies between China & India

International trade & Management Seminar 2016
Tehran, October 20th. 2016
In cooperation with PERSIS MIND EXPLORER
Adel Sadek

Why China …

- Open mind to learn & follow processes

- Technical experiences

- Great infrastructure

- Production facilities

- Low labor cost…..(???)

- Material availability

- E2E Supply chain possibilities

Persis
Mind Explorer

Why "NOT" India…

- Covering ONLY local market don't gives the right knowledge

- Technical experiences is limited, due to many financial restrictions

- Missing/bad infrastructure

- Production facilities

- Low labor cost…..(???)

- Material availability is pretty bad. Need to import almost everything

- E2E Supply chain possibilities is limited due to lack of quality understanding & experience.

- Taxes and many other financial lows

Persis
Mind Explorer