



Supplying General Motors Report

Overview

This report not only provides a complete overview of all the production and platform strategic implications for current and potential suppliers, but contains the findings of the unique research conducted over a range of business practices and relational issues between the carmaker and its supply base.

All this is combined with an extensive analysis of the purchasing strategy, making “Supplying GM” a valuable strategic tool for assisting decision-making by suppliers and other stakeholders in the OEM’s procurement strategy.

Research Background

One year after the emergence from the automotive industry’s largest bankruptcy, GM’s focus is now being directed towards capitalising an industry that is on the road to recovery. The carmaker, which plans to go public over the next few months, can boast of radical improvements in coping with many of the most challenging issues it has faced over the last few years; capacity reduction, labour costs, incentive-fuelled sales, a galaxy of under-resourced brands, and unconvincing products are being addressed in both the US and Europe – the markets where GM has a more established presence. All BRIC countries see GM well-positioned to grasp its share of growth, although to a varying extent.

The organisation of procurement operations has not been spared by the overall re-organisation. Bob Socia, who was appointed to the top purchasing post in June 2009, has given indications of his desire to make substantial changes both at an organisational and at a business process level. GM is striving to improve in one of the areas where it has been historically been faring worse than competitors, which is supplier relationship management. For example the policies for the management of cost-saving ideas, warranty liability as well as some of the commercial terms have been changed on the basis of the input received by suppliers.

Suppliers seem to welcome the changes, which would result in a fairer treatment towards them, as measured by SuRe index (Supplier Relationship), which sees the Detroit automaker record the highest increment between 2009 and 2010 in the index which ranks automakers on the basis of their business practices towards suppliers. Nonetheless, despite the upward trend, GM still ranks in the very bottom of the charts and needs to do more to improve its standing with its suppliers. Nonetheless, the more manageable size of the automaker – which has shed those brands and operations deemed non-core for the new GM – together with the full implementation of global architectures, are contributing towards

the definition of economies of scale, which result in an increased attractiveness for GM programs in the supply industry.

Leveraging on our authentic research and interviews with senior executives at the OEM and at suppliers, the “Supplying GM” report analyses the procurement strategy, the business policies of the new GM in light of the numerous changes which have occurred over the last year. It encompasses all the aspects which potential and incumbent suppliers should take into consideration when dealing or trying to enter in business with the new GM.

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