

bdp Mechanical Components Deutschland GmbH



German quality standard and global sourcing



We are certified with ISO 9001:2015, many of our producers also with IATF 16949.

bdp MC
Newsletter

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Five typical challenges in China sourcing - from the practical experience of bdp Mechanical Components (bdp MC)

Sourcing from abroad can have many advantages, e.g., you can achieve higher cost-efficiency and enlarge the product portfolio. However, due to the geographic and cultural distance, communication and processes can be non-transparent. When small and medium-sized enterprises (SME) in Europe source from China, with more than 8.000 km between them, especially when customer capacity is limited, the challenge can become highly complex. In the following, we will share five kinds of challenges we faced in the course of our long-time experience of international sourcing and our advice to overcome them.

Case 1: Analyze and prepare as comprehensive as possible, as soon as possible

As we sourced for a valve component, the selected producer, with whose offer we were nominated by the customer, had insufficient experience with similar parts, despite his excellent technical skills. And although he eventually succeeded in developing this component, the process of approval during product development took a very long time. Since our producer also outsourced the molds and the subcontractor was not well introduced to our project, the accuracy of the molds could not meet the product requirements at first. At the product release stage, the molds were not accurate enough, resulting in several mold modifications that were time-consuming and costly. Through more intensive supplier management and communication with the customer, we were able to overcome these difficulties. Currently, we are delivering this component in series to the customer and have gained firm trust from the customer.

Our advice: The purchaser should think and proceed more comprehensively when selecting the right supplier. On the one hand, price, capacity, quality control, willingness to cooperate must be considered. On the other hand, it is also necessary to check whether the supplier has experience in manufacturing similar products and the process capability and competence for the subcontractor's quality assurance. All these capabilities are essential.

Case 2: Balance between costs and quality requirements

We have sent an inquiry with a variety of products to a producer. Due to a large number of product types and the urgency of the offer, the producer insufficiently checked the drawings and technical requirements during the offer stage. Moreover, the producer was eager to get the order, so his offered price was very low. After the nomination, we were under great pressure to keep the low bid price together with the producer during the serial production process, which made it difficult to continue the project.

It took several rounds of technical revision meetings as well as price negotiations with producers and customers to finally find a compromise solution that all parties could accept.

Our advice: When purchasing receives an offer from a supplier, costs must be analysed. Technical meetings must be organized between the technical team and the supplier's technical team to clarify drawings and requirements and confirm with the supplier whether all requirements have been included in the offer. We must also assist the supplier in identifying drawing risks, including dimensional and tolerance control, casting defect risks, inspection difficulties, and machining risks. These risks must be identified as much as possible during the bidding phase and their impact on price must be determined. In addition, a

detailed project kick-off meeting must be held at the beginning of the project to discuss the risks and difficulties and confirm them in a timely manner. Try to clarify risks as much as possible before starting project development.

Case 3: Considering size and weight to have a clear insight about transport costs

One of the products we are currently delivering has the special characteristic of having a large volume but lightweight. In addition, particular force majeure factors, such as epidemics, natural disasters, etc., lead to a significant increase in freight costs, which caused cost pressure.

Our advice: The offer must indicate what is included and what is not included in the quote. Cross-validation between purchasing and sales team is required. The weight and size of the parts also need to be considered in the offer. They can be defined as light good (significant volume but lightweight) or heavy good (size and weight are in proportion). This is relevant for the calculation of the transport costs. And this information also needs to be communicated with the sales team. In addition, the offer must contain a clause, which says that unforeseen force majeure factors will affect transport costs.

Case 4: Clarify “hard” topics such as penalty as clearly as possible, as soon as possible

One of the existing products was involved in claims issues. However, these claims scenarios were not confirmed before the project was initiated. Suppliers in China rarely take the initiative to ask questions about claims handling beforehand.

Our advice: Penalty terms and quality terms such as QAA must be clearly defined and communicated as soon as possible before the project starts.

Case 5: Constant follow-up to get up-to-date information

Some projects are new to the producer. In such cases, the producer may give a too short estimated lead time. He wants to show their high production efficiency and sufficient capacity. But this unrealistic estimation can lead to a lack of time already in the early stage of project development because of insufficient experience and the instability of the initial production stage.

Our advice: The lead time should be checked repeatedly and also reviewed together with the supplier. With more knowledge about a project, you can make a more realistic estimation. So, keeping close contact with the supplier and constantly monitoring the production process are key components in international sourcing.

Author



Yufeng (Eric) Tang

Sourcing and Purchase Manager of bdp Mechanical Components China

Mr. Tang has six years of experience as a purchasing manager in a Chinese procurement center of a Korean company in China, where he was responsible for the procurement of automotive shock absorber and brake system parts. His area of responsibility at bdp MC includes the provision of procurement outsourcing services for customers. He is well versed in procurement planning, business negotiations, maintaining supplier relationships, management, development, and project operations.

Translation:



Xiuguo Dong

Senior Technical Sales of bdp Mechanical Components Germany

Mr. Dong was born and grew up in China and is living in Germany since 2002. Mr. Dong went to high school in Berlin, studied Industrial Engineering in Kaiserslautern, and acquired a Master's degree. His tasks at bdp MC contain technical analysis, offering, sales, and project execution.

About bdp MC

bdp MC was founded in 1982. We are headquartered in Berlin and have 14 further offices in Germany, China, Spain, Bulgaria, Poland, and Switzerland. We are a global supplier in international sourcing of high-quality castings, forgings, machining, and automotive parts (especially in China and Europe) for manufacturing companies in Germany, Austria, Switzerland, and Spain. Currently, we supply more than 50 European customers in the automotive, engineering, railroad, energy, gas, food, and liquid transportation sectors. We offer you, our customers, the best solutions without using your resources or increasing your company's fixed costs. Thus, we can actively reduce your purchasing costs.

For more professional advice from bdp MC, please see the public number bdp-Group-1992 or scan the QR code below to follow us.



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Headquarter

Berlin
bdp Mechanical Components Deutschland GmbH
Danziger Straße 64
10435 Berlin
Postal code: 10435
Tel.: +49 (0) 30 4433 610
Fax: +49 (0) 30 4433 6154
info@bdp-mc.com
www.bdp-mc.com

Sourcing centers

Shanghai

bdp Mechanical Components (Shanghai) Co., Ltd.

Room 759, Building 3, German Center, No. 88 Keyuan Rd. Pudong, Shanghai, China

Postal code: 201203

Tel.: +86 (0) 21 6878 0138

Fax: +86 (0) 21 6878 2638

info@bdp-mc.com

www.bdp-mc.com

Qingdao

bdp Mechanical Components (Shanghai) Co., Ltd., Qingdao Büro

Room 27A, 27th Floor, Building C. JINDU Garden. No.37 Donghai West Road, Qingdao, China

Postal code: 266071

Tel.: 86 (0) 532 - 6675 9663

info@bdp-mc.com

www.bdp-mc.com

Tianjin

bdp Mechanical Components (Shanghai) Co., Ltd., Tianjin Büro

Room K, 20th Floor, Teda Building No. 256 Jiefang South Road, Hexi District, Tianjin, China

Postal code: 300042

Tel.: +86 (0) 22 – 5995 9243

Fax: +86 (0) 22 – 5995 9243 805

info@bdp-mc.com

www.bdp-mc.com

Warshau

bdp Mechanical Components Warsaw

Ul. Klarysewska 50

02-926 Warszawa

Tel: +48 (0) 513 0305 06

info@bdp-mc.com

www.bdp-mc.com

Sofia

bdp Mechanical Components Bulgaria

Bratja Miladinovi Str. 16, Etage 2, Büro 3

1301 Sofia, Bulgaria

Tel: +35988 7318 134

info@bdp-mc.com

www.bdp-mc.com

Sales team

Hamburg

bdp Mechanical Components Hamburg

Haus am Hafen, Steinhöft 5-7

20459 Hamburg

Tel: +49 (0) 40 3099 360

Fax: +49 (0) 40 3099 3660

info@bdp-mc.com

www.bdp-mc.com

Frankfurt

bdp Mechanical Components Frankfurt

Frankfurter Landstraße 2-4

61440 Oberursel

Tel: +49 (0) 6171 5868 805

info@bdp-mc.com

www.bdp-mc.com

Marbella

Mechanical Components España bdp, S.L.

Urb. Marbella Hill Village, Casa 6 Sur

29602 Marbella/Málaga, España

Tel: +34 (0) 952 7663 00/01

Fax: +34 (0) 952 7663 02

info@bdp-mc.com

www.bdp-mc.com

Zürich

bdp Mechanical Components Switzerland

Stockerstraße 41

CH-8002 Zürich

Tel: +41 (0) 58 4007 070

info@bdp-mc.com

www.bdp-mc.com