

bdp Mechanical Components Deutschland GmbH

German quality standard and global sourcing



Newsletter February 2023:

How does bdp Mechanical Components find and select suitable suppliers for customers (from a purchasing perspective)?



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

For many companies, suppliers are like the source of rivers, essential and indispensable. However, in the current era of information flow, looking for a supplier without very specific objectives is equivalent to finding a needle in a haystack. Thus, let us share some of our experience in two aspects: how to find and how to choose a suitable supplier.

Cost is an important consideration when choosing a new supplier. Thus, the price-oriented decision-making mechanism makes buyers more inclined to choose suppliers with lower quotations. However, suppose the quality of the product is poor, or the on-time delivery is not up to standard. In that case, the few costs saved on the product quotation will be wasted and may not be enough to offset the additional expense of quality complaints and excessive shipping costs. Therefore, in addition to the premise of low costs, there are other important factors to consider when choosing suppliers: guaranteed quality, quantity, and delivery times.

In addition to procurement considerations, suppliers' capabilities should be assessed by technicians and quality managers, ideally by a professional assessment team. The most suitable supplier is finally selected through a comprehensive evaluation of suppliers in closely related departments in the chain.

The size of the project also has some influence on the choice of suppliers. For example, for projects with great demand and relatively high value, the scale and long-term stability of the supplier are necessary conditions;

projects with wide varieties, small batches, and low target prices require an appropriate process and quality control that meets the project requirements and suppliers with a high willingness to cooperate; For low-demand, low-value projects, it is best to find suppliers who already have a mature collaborative relationship and involve them in other larger projects.

Factors to be considered when choosing a supplier:

1. The basic principle of supplier development is the "Q.C.D.S." principle, which is the principle of equal emphasis on quality, cost, delivery, and service.
Among the four, the quality factor is the most important. First, confirm whether the supplier has established a stable and effective quality assurance system, and then confirm whether the supplier has the equipment and process capabilities to produce the required products. The second is cost and price. It is necessary to use the method of "value engineering" to analyze the cost of the products involved and realize cost savings through win-win price negotiations. In terms of delivery, it is necessary to determine whether the supplier has sufficient production capacity, whether human resources are sufficient, and whether there is potential for expansion of production capacity. The last but also very important point is the supplier's pre-sales and after-sales service records.

2. When selecting a supplier for cooperation, a supplier's background investigation is necessary regarding, e.g., the supplier's annual sales, the proportion of each customer, financial status, etc. If the supplier's sales are high, but there is only one customer, it can be said that the supplier depends on the customer for survival. Once the customer is lost, the company will also face the danger of bankruptcy. In the same way, if a certain customer accounts for a relatively large proportion, it will be very dangerous for us, especially when the supplier's production capacity is close to full capacity. Once the customer with a large proportion increases demand, the supplier will delay the production of the products of customers with a small proportion, which leads to the delay of our company's order delivery.
3. When choosing a supplier, we need to consider integrity, management ability, cooperation attitude, and development potential.
4. Suppliers generally outsource some processes their own company cannot do to sub-suppliers, such as heat treatment processes, mold production, etc. Therefore, when selecting a supplier, it is necessary to communicate clearly with the supplier in advance, which steps or processes are outsourced, and how the supplier controls the quality and delivery of the outsourced part.
5. Avoiding putting all eggs in one basket is also an issue that needs attention in supplier management. If a relatively large project is assigned to only one supplier, what should be done if the supplier cannot deliver in time due to uncontrollable factors? What if the supplier temporarily raises the price? In this case, alternative suppliers are a good solution.
6. Through the detailed cost analysis provided by multiple suppliers, compare the cost differences, and combine the process cost experience to find out whether the supplier's quotation is reasonable or whether there are too many false reports, and give suppliers reminders to avoid suppliers reporting incorrect prices due to inadequate evaluation. Avoid the risk of price increases during the project due to incorrect quotations in the early stage of the project.
7. It should also be checked whether the supplier has the technical ability to meet the product requirements and whether he has experience with similar products or processes. It is necessary to communicate with the supplier about drawings and technology to determine whether they have the technical ability, the appropriate production facilities, and sufficient space to meet the product requirements. For example, consider whether the supplier's current equipment meets the product requirements, and if not, whether the purchase of new equipment to meet the product requirements should be agreed upon.
8. It should be checked whether the supplier has enough human resources (project development, quality, technology, and operational personnel on-site) to meet the product requirements.
9. It should be checked whether the supplier's quality system is complete, whether there is IATF16949 and ISO9001 qualification, and whether the supplier conducts on-site audits, from

project development management to on-site quality control, equipment, tooling maintenance system, the logistics turnover management, the management, and control of the supplier's external purchasing, up to the evaluation of the awareness and attitude towards the after-sales service, etc., to assess whether he can be our alternative supplier.

10. You should also be familiar with the supplier's current quality performance in mass production, quality complaints from TOP customers, and internal success rate. These can serve as a basis for assessing quality and costs.
11. Also, the technical quality system of the external cooperation process should be evaluated to determine whether the sub-suppliers can meet the product requirements.

How to find the right supplier:

1. It is possible to find suitable suppliers from the existing pool of suppliers in terms of similar product manufacturing experience and level of process match;
2. Existing cooperative suppliers' recommendation is also an option for finding new suppliers because existing suppliers have been in related industries for many years, and they also have relevant mature resources and supporting facilities that can be shared with us.
3. You can find suppliers through related industry exhibitions, such as the "China Foundry Exhibition", the "Forging Exhibition" and other related industry exhibitions;
4. You can find suppliers through relevant associations, such as the "China Foundry Association", the "China Forging Association", etc.;
5. You can find relevant suppliers through the Internet, e.g. by searching for related processes, product keywords, industry names, etc.;

bdp Mechanical Components is happy to offer you our full range of services in the areas of purchasing, supplier audit, process audit, product inspection, and logistics:

- We find suitable component suppliers for our customers
- We can provide you with supplier audits and inspections, such as potential risk audits
- For ongoing projects, we offer you production control of samples and small series, such as PPAP certification
- After starting mass production: mass production stability monitoring and inspection before each

delivery

- After starting mass production: regular audits of factory processes, system audits, product audits, and subcontractor audits for special processes
- Logistics services for various destinations such as sea, air, express, and China-Europe trains

If you have any further questions about the selection of suitable suppliers, please don't hesitate to get in touch with us at purchase@bdp-mc.com. Our bdp Mechanical Components team is happy to provide you with advice and assistance.



Eric Tang

Sourcing and Purchasing Manager, 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 absorbers 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.

About bdp Mechanical Components

Founded in 1982, today's bdp Mechanical Components is headquartered in Berlin and has 14 other offices in Germany, China, Poland, Spain, Bulgaria, and Switzerland. bdp Mechanical Components is a specialized provider in the field of international sourcing of castings and forgings for customers who do not have a detailed overview of the most suitable suppliers for their products, especially in Asia (China), Turkey and Eastern Europe. And of course, also for customers who cannot accompany corresponding project start-ups closely on site with the suppliers and monitor the ongoing production.

For more professional advice, please follow us on WeChat: public number bdp-Group-1992, or scan the QR code below to follow us.



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