

Metalcraft essay



Metalcraft supplies automotive parts to several large manufacturers worldwide. It is a component design and manufacturing organization with a wide product offering. North American sales accounted for 80% of their business although they operated in 27 countries with 84 plants. The automotive industry supply chain is made up of automakers and then three tiers of suppliers. In total there are 5000 firms but 100 large manufacturers dominate it; Metalcraft being one of them. A major focus of automobile makers is reducing warranty costs because repairs were often depleting profits.

Metalcraft is considered a Tier 1 supplier to large automakers which comes with expectations of perfection. As a result, performance of their component suppliers is evaluated on many dimensions. Metalcraft's sourcing process consists of several steps involving design, sampling prototypes, quality testing, and requesting a quote. Then a commodity sourcing strategy team evaluates their options using cost analysis, long term agreement considerations, tooling costs, capacity requirements, timing constraints, etc.

Ultimately the buyer makes the final decision after taking everyone's input into consideration. The quality control process which began during the sourcing phase also has several steps to it. First characteristics of the product are determined and then a method to evaluate them is selected which results in a control plan which are approved by the product engineer and plant quality department. How frequently a quality check occurs is determined by the importance of the part, the quantity produced, and how often new inventory is received.

To manage this entire process, centralize data for several business functions, and address control issues in their supply-chain, Metalcraft uses a supplier scorecard so they can remain a successful tier-1 supplier. Rather than a single audit, their system continuously evaluates suppliers along metrics like quality, timing, and delivery which are managed at the plant and supplier level. Traffic light colors are used to easily classify performance between preferred and non preferred performance.

The Metalcraft case demonstrates how to manage a complex global sourcing and manufacturing process within the automotive industry. Utilizing a vendor scorecard system, Metalcraft manages the performance of its supplies with relevant straightforward metrics that align with their business expectations. Internal stakeholders provide feedback and utilize this information in their decision making responsibilities. The end result is actionable information that will help expose the root causes of any problems in their supply chain.