

*Looking back...*

**STRATEGY-CHECK FOR EUROPEAN CAR  
MANUFACTURERS AND SUPPLIERS**

**XI European Automotive Congress**



**September 23 & 24, 2010 in Madrid**

**Ministry of Industry, Tourism and Trade**

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## **STRATEGY-CHECK FOR EUROPEAN CAR MANUFACTURERS AND SUPPLIERS**

In 2010, the European Automotive Congress returned to Madrid for its 11th edition of the congress aimed at automotive designers, developers and manufacturers. This time, the event took place at the premises of the Ministry of Industry Tourism and Trade.

The Congress was opened by Director-General for Industry Jesús Candil, who began by reviewing the Government's recent measures to support the sector. He particularly emphasised the strategy to encourage electric vehicle adoption in Spain and highlighted, "the opportunities that this will generate through the synergies created with the energy sector."

James Muir, SEAT Chairman, described the challenges facing an industry undergoing constant transformation and underlined increasing demands for productivity and flexibility.



Alan Draper, Ford's European Vice-President of Purchasing, provided a view of the sector from the perspective of procurement. He emphasised, "suppliers' vitally important role in our new Blue Oval strategy," which focuses exclusively on the historic North American brand. Draper said, "We are going to concentrate on achieving maximum efficiency regarding supply costs and liquidity, as well as focusing on overall competitiveness. He also announced that Ford intends to reduce its supply base to 750 companies, "to ensure each supplier receives a big enough volume from us to be competitive."

His counterpart at General Motors, Susanna Webber, explained that her department, "purchases over 60,000 components," and, in relation to supply firms, stressed, "the importance of creativity in teams. In addition, suppliers need to move towards a functional focus underpinned by global support." Webber added that the manufacturer has been working with suppliers on issues related to their financial solvency and advocated adopting a holistic approach designed to optimise the entire chain running from the end customer through to the supplier. She also highlighted other aspects, such as cost reduction, "based on better inventory and investment management, accelerating the decision-making process, and the need to reduce bureaucracy."

To address the question of how to ensure competitiveness, the event included a round-table discussion moderated by Luis Miguel González, Managing Editor of AutoRevista. The participants comprised Rafael Diloy, Chief Executive of Grammer Automotive Española; Juan Losada, former Chief Executive of Valeo in Spain and Portugal; Francisco Riberas, Managing Director of Gestamp Automoción; and José María Tarragó, Executive Vice-President of Ficosa.



The challenge of generating sustained and profitable growth was the main theme of the talk given by José María Alapont, Chairman and Managing Director of multinational Federal Mogul. He assured those attending, "It is possible to grow as quickly as China. The key to maintaining growth is to invest in innovation and to make it a core value. We need to set up world class teams across the globe to anticipate market and client requirements and to accelerate delivery of value-added solutions. Clients look for companies able to generate profits."

Eduardo Morcillo, Manager of Interchina Consulting's office in Spain, described China's social make-up, saying, "The country will have between 300 and 500 million middle-class consumers by 2020, of which between 100 and 180 will be millionaires." He affirmed that the message for firms is "Either you are in China or you are nowhere."

Felix Kunhert, a PriceWaterhouse Coopers partner, completed the overview of the world's developing markets by describing the situation in Brazil, India, Indonesia and Turkey.

The second day of the Congress, co-ordinated by Luis Valero, Director-General of Spain's ANFAC (*Asociación Nacional de Fabricantes de Automóviles y Camiones* – National Association of Automobile and Truck Manufacturers), examined mobility solutions based on alternative propulsion systems.

For Eric Heyman, Head of Research at Deutsche Bank, "The internal combustion engine will remain in use for the next few decades. Hybrid technology will act as a bridge between current developments and electricity's enormous future potential, although it will not be as widely implemented as biofuels and natural gas. Hydrogen remains expensive and unpredictable."

Philippe Jean, Head of the European Commission's Automotive Unit, referred to the need to develop a common European strategy in co-operation with global organisations, while Frank Bekemeier, SEAT's Vice-President of R&D, described several tangible development programmes, among them the Cenit VERDE project led by his company. The overview of electric mobility was completed by contributions by Gernot Spiegelberg (Siemens), Axel Thielman (Fraunhofer Institute), and José Bogas (Endesa). Finally, María Luisa Castaño, on behalf of the Ministry of Science and Innovation, described the Administration's support for R&D projects.

# SOME IMPRESSIONS OF THE EVENT



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