

Consolidation

Mondeo drops from 150 fastener suppliers in 1995 to 1 in 2000

Facil & Cie is a wonderfully clear example of how the auto industry is getting smarter, and smaller.

The old Ford Mondeo had 150 different sources for its fasteners. The new Mondeo has one source: Facil.

In the old days, Ford's European fastener buyers in Valencia, Spain, had to manage an enormous overhead of bidding activity. Ford accountants had billing activity. Ford logistics had a nightmare of activity in an area where shipping was sometimes worth more than the parts involved. And in the manufacturing plants, almost every part was stuck to the assembly in its own way.

A new approach

In 1997 and 1998, Ford began rethinking its approach to how it handles fasteners for a car. In America, Ford started outsourcing logistics. That was the most difficult headache. But in Europe, in late 1998, the idea reformed itself, and Ford started looking for what it calls Full Service Providers.

"The people with model responsibility began asking themselves, Why do we deal with all these different suppliers in fastener side, with all problems?" recalls Stephan Burgholte, one of two managing directors at Facil. "They decided to concentrate all of it on one supplier who could bring a complete service."

Ford's buyers in Spain began presenting their idea to suppliers. Ford wanted the winner to give it a 30 percent savings as well as all the logistical services. A. Raymond, a French supplier of plastic clips, and Kamax-Werke, a German supplier of metal screws, each had salesmen in Spain, independently hearing Ford's message. Afterward, standing around a coffee machine in the Ford building, they talked to each other about it. Independently, neither company was big enough to become the FSP. But together ...

The companies

	Partner KAMAX	Partner A. Raymond	Their venture Facil & Cie
Home	Osterode am Harz, Germany	Grenoble, France	Genk, Belgium
Established	1935	1865	1999
Employees	2,500	2,300	11
Top executive	S. Burgholte	A. Raymond	R. Achten

Together, Kamax and A Raymond make about 60 percent of the fasteners needed on a car. That's enough manufacturing to envision a 30 percent price cut. Hey, they said, we ought to do this together.

"They called their hot shots and said, 'Why don't you sit together and think about it as well,'" recalls Burgholte. A small family owned firm can act like that. In late 1998, Burgholte met with Antoine Raymond, the fifth generation of his family to run the firm, and Francesc Farras, A. Raymond's sales manager in Spain.

The companies are about the same size, they have the same customers but no competition with each other, both chief executives were about the same age and had come to their jobs at about the same time.

"We fit together," says Burgholte. "We set up a presentation and the two of us went to Ford. We said, We can do, it's a good concept. And that's how we got the order."

A year later, on Dec. 31 1999, Facil & Cie was created as a 50-50 partnership.

The fastener nightmare

Fasteners hold expensive parts together, but they are cheap. Ford has been buying the 2,200 used on a typical Mondeo for about \$100, or about 4 1/2 cents each. There are 550 different kinds on the car.

By putting Facil in charge of the whole fastener process, Ford has given the supplier's engineers more scope to tackle the cost problems.

In their presentation to Ford's Mondeo team, Raymond and Burgholte gave specific examples of what they could do. Raymond explained how on the Ford Focus program, it had been able to eliminate many part references by redesigning plastic clips so one piece could fill several roles. Instead of different screws only 1 mm longer than each other, said Burgholte, why not use a range of screws with 5mm differences, which raises manufacturing volume and decreases unit process.

For A. Raymond and Kamax, the reward for replacing the 150 suppliers of 1995 is increased volume. "Both companies will stay with their commodities," says Burgholte. "That's the idea behind it. All your competition is out of the game. This can result in doubling the manufacturing volume for the model."

Ford has named Textron to supply fasteners to the Fiesta, and someone else will get the Focus, but Facil is not worried.

"It's like a business card," says Burgholte. "If the Mondeo works, the other OEMs will queue up."

