

# Supplier Linkage Programme in Czechia

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# Sourcing Services

- Databases development (sector databases)
- Supplier identification
- Joint-venture partner identification
- Supplier Forum organization
- Supplier Linkage Programme

# Sourcing Section

## Milestones



- 1999 Sourcing Section established**
- 2000** Database of suppliers operating in manufacturing sector
- 2001 The Pilot round of Supplier Linkage Programme**
- 2003** The Second round of Supplier Linkage Programme
- 2005** The Third round of Supplier Linkage Programme
- 2006** Database of automotive suppliers  
Database of aerospace suppliers
- 2007 New Database of the Czech Manufacturing Sector**
- 2008** The Fourth round of Supplier Linkage Programme (October)

# SLP – Starting Points



# SLP - Motivation

- Anchor existing investors in the Czech Republic
- Attract new investment
- Offer complex set services
- Increase % local sourcing by key MNCs
- Develop high value added supply chains in key sectors
- Improve competitiveness of suppliers
- Improve competitiveness of the Czech Republic

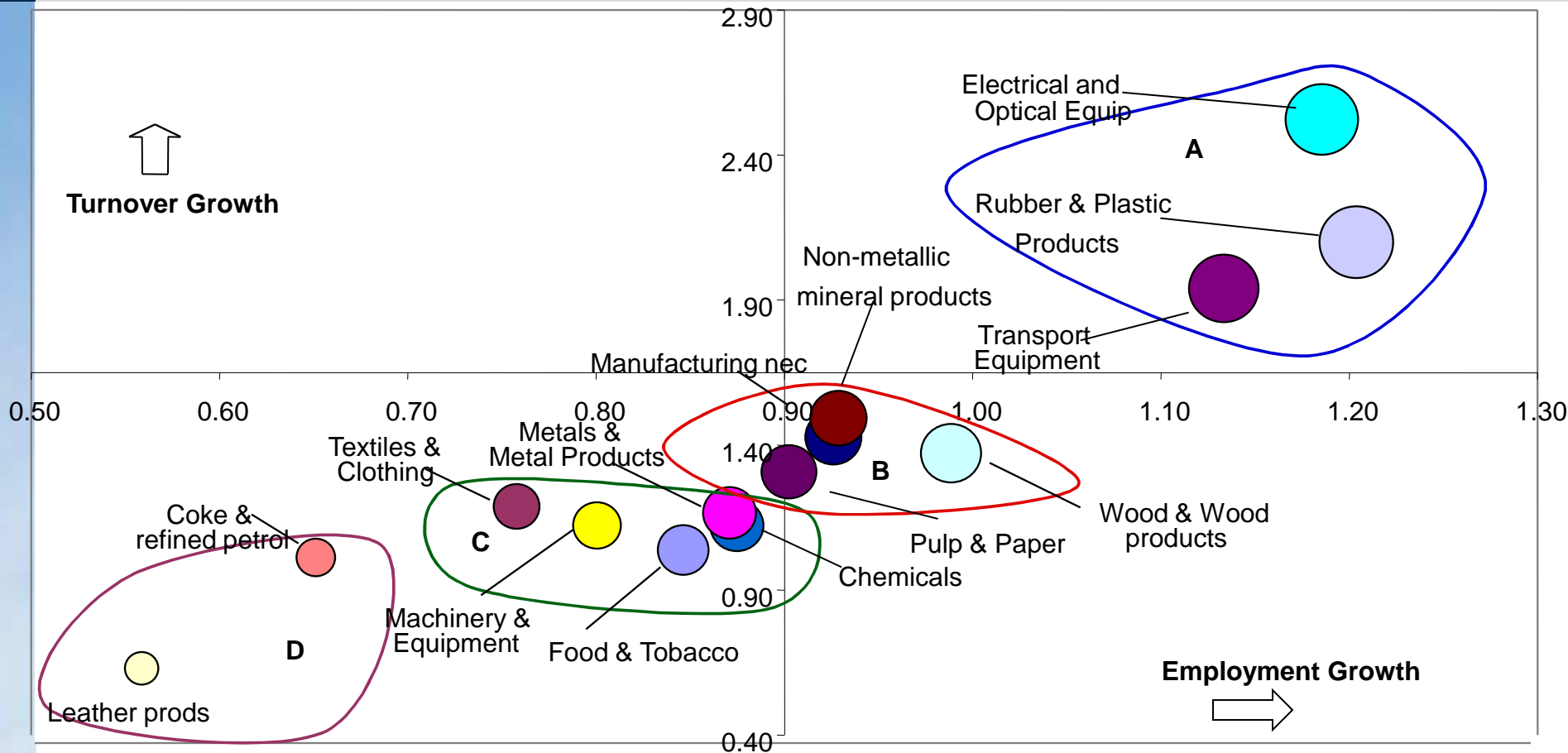
# SLP - Sectors

## Sectors selected according to development in FDI inflow and CzechInvest strategy

- 2001 – 2002 electronics and electro-technics
- 2003 – 2004 components for automotive and aircraft industry, pharmaceuticals and biotechnology
- 2005 – 2006 precise engineering, automotive industry

# Czech Economy

## Key sector trends 2005/1999



- |                                 |                            |                              |                              |
|---------------------------------|----------------------------|------------------------------|------------------------------|
| ○ Food and Tobacco              | ● Textiles + Clothing      | ○ Leather + Leather products | ○ Wood + Wood products       |
| ● Pulp + Paper                  | ● Coke + Refined Petroleum | ● Chemicals                  | ○ Rubber + Plastic products  |
| ● Non-metallic mineral products | ● Metals + Products        | ● Machinery + equipment      | ● Electrical + Optical equip |
| ● Transport Equipment           | ● Manufacturing nec        |                              |                              |

# SLP - Financial Resources



## -- 2001 – 2004

Co-financing: 50 % Phare funding + 50 % State budget

## -- 2005 – 2007

State budget only

## -- 2007 – 2013

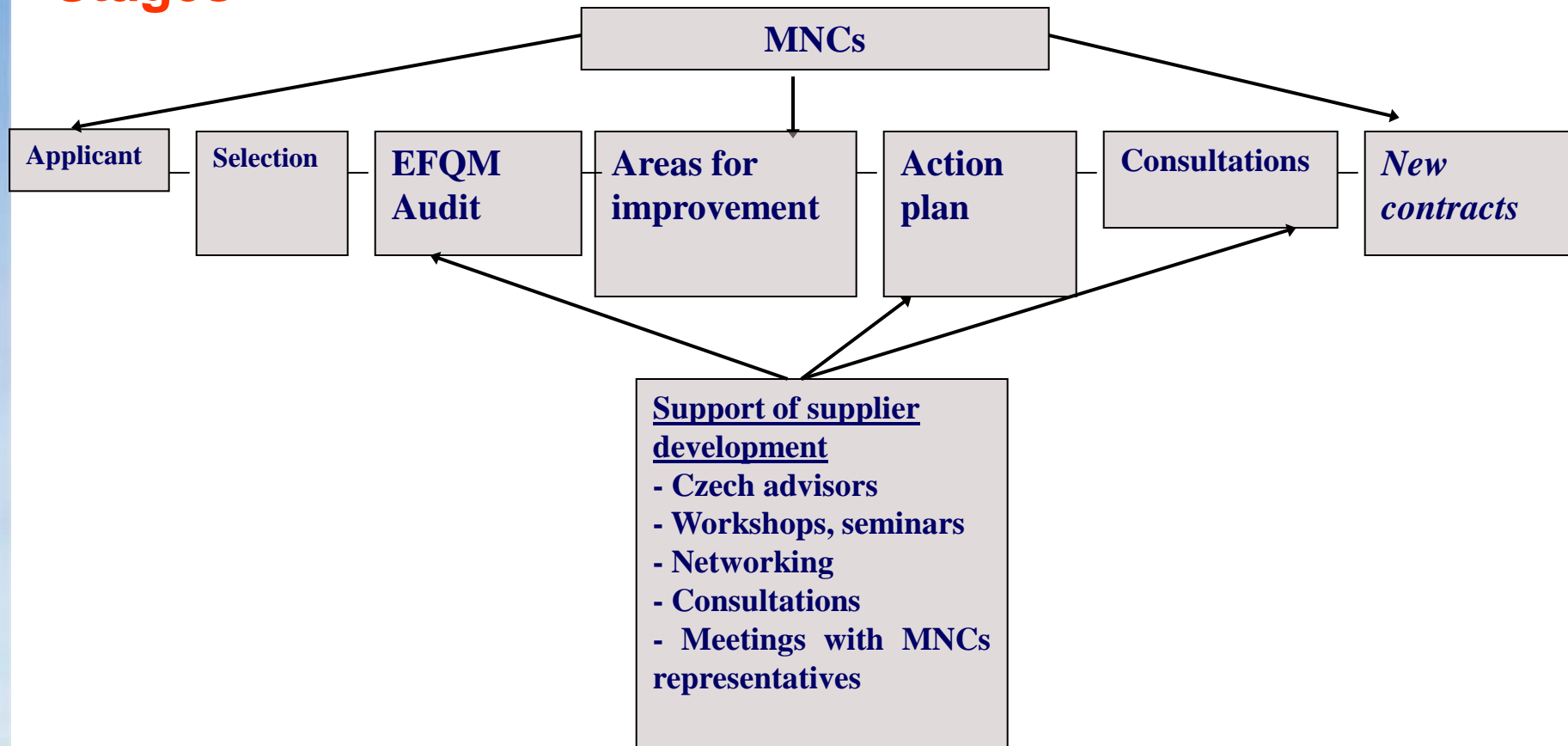
EU Funds

# SLP – Methods and Approach



# SLP - Scheme

## Stages



## Application of EFQM in the form of checklist

- External assessment done by consultants
- Self-assessment done by company
- Collection of relevant information about the company
- Identification of areas for improvement
- Start of improvement process
- Benchmarking among participants

# SLP - Company Development Process

External assessment

Self assessment

Discussion of results

Listing of Strengths and Areas for improvement

Selection of priorities according the company strategy

Agreement of basis for the action plan

# SLP - Seminars for Strategic Customers



- For the foreign companies (their strategic purchase departments) we organise seminars with the participations of Czech manufacturers, suppliers
- Direct interaction
- Clarification of the requirements on suppliers
- Networking, face-to-face meetings

# Results of the Third round of SLP (2005/2007)

Eleven companies from 48 participants of the 3<sup>rd</sup> round of the SLP have created in 2007:

- New contracts: 4.19 Mio EUR
- New jobs: 67

Source: CzechInvest 2007



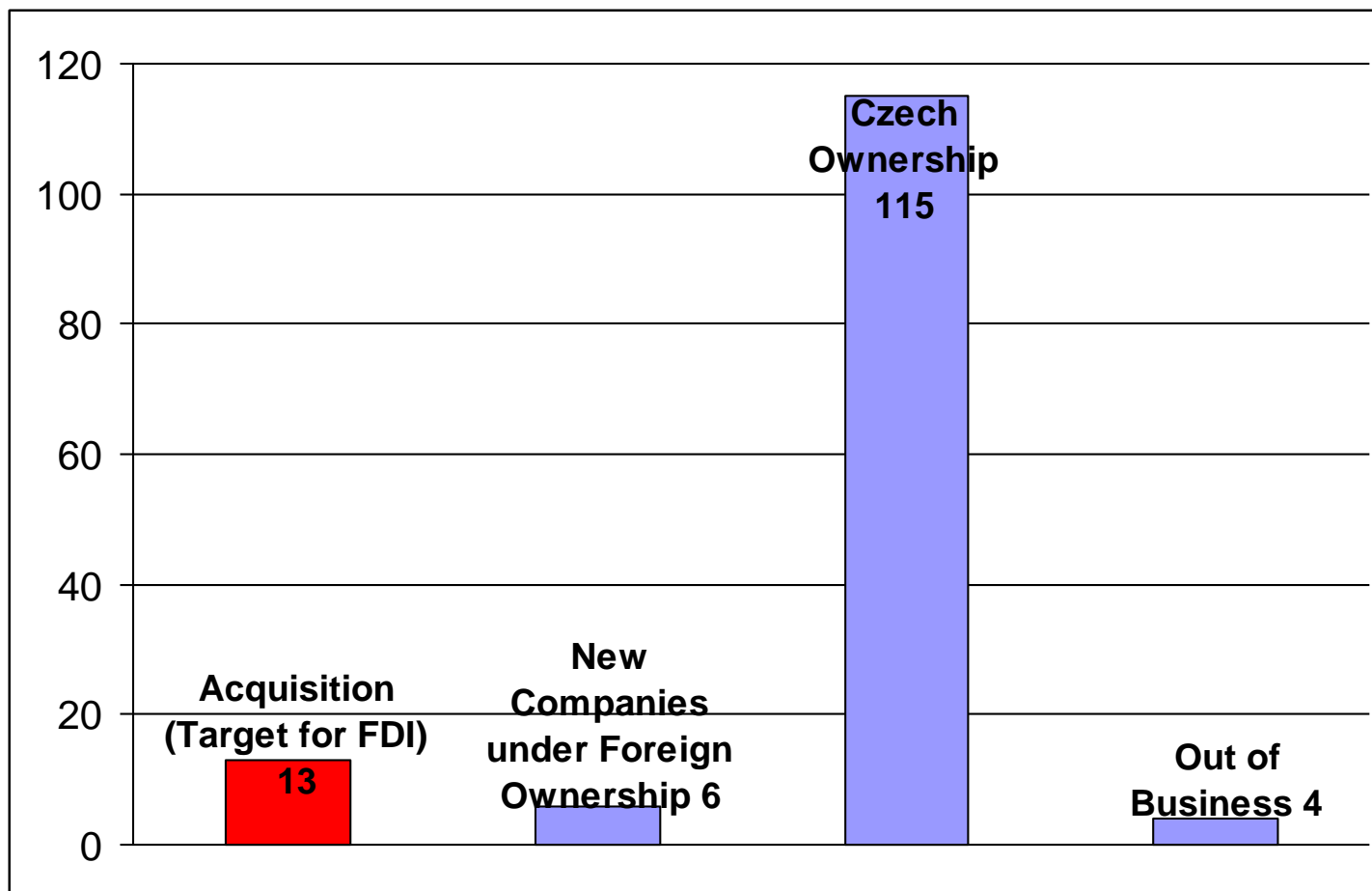
# SLP – Final Results



# Results I

- 138 companies directly supported through SLP
- 2000 registered companies in database of manufacturing industry
- 506 registered companies in database of automotive industry
- 240 Mil.EUR in contracts between suppliers and MNCs so far
- Increase in productivity 10%
- Increase in turnover 15%
- Increase in exports 40%

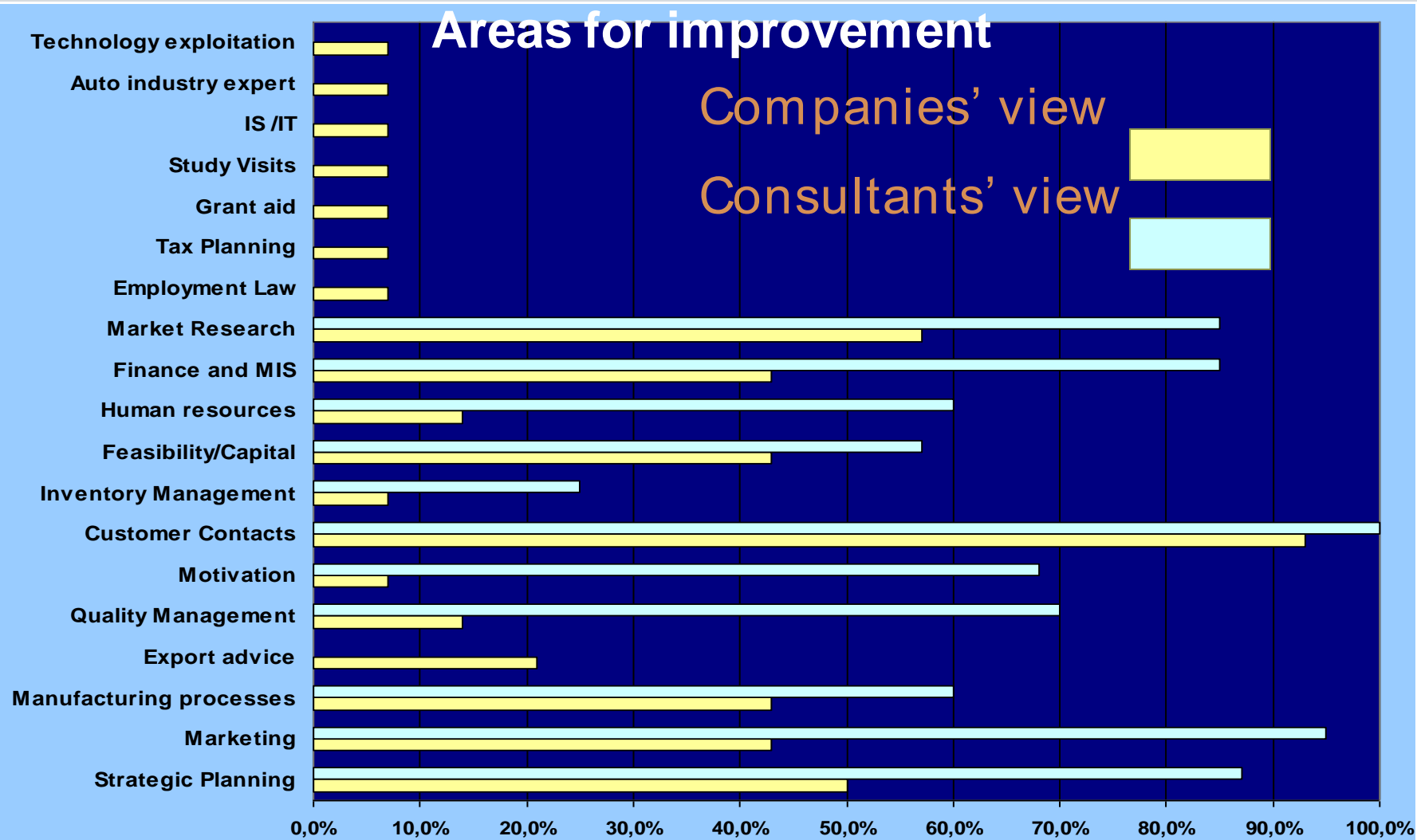
# Results II



# Findings of study I

- Companies participating in any of our activities reach positive development in the key economic indicators
- It is recommended to continue with these types of activities in the form of longer co-operation with Companies
- Soft skills are key for further development (strategy, communication of vision and mission, marketing, planning etc.)

# Findings of study II



# Success stories

Long-term contracts concluded between local suppliers and MNCs in years 2005 – 2006 in Mio. USD/3 years

<b>Total 2005</b>		<b>88 Mio. USD</b>		<b>Total 2006</b>		<b>68,9 Mio.USD</b>	
<b>Belvac Prooduction Machinery II</b>	<b>1,8</b>	<b>Shimano Czech s.r.o.</b>	<b>0,2</b>	<b>Daikin Industries Czech Rep.</b>	<b>30,4</b>	<b>AK Industries</b>	<b>0,7</b>
<b>Matsushita Plzeň</b>	<b>35,2</b>	<b>Daikin Czech Rep.</b>	<b>0,7</b>	<b>Black and Decker</b>	<b>10,4</b>	<b>Aisin Czech Rep.</b>	<b>14,9</b>
<b>Kone Corporation</b>	<b>2,7</b>	<b>Yokogawa</b>	<b>3,7</b>	<b>Honeywell ECC</b>	<b>0,8</b>	<b>Keremedjiev USA</b>	<b>2,4</b>
<b>Makita UK</b>	<b>0,8</b>	<b>Curtiss-Wright</b>	<b>0,8</b>	<b>Koito Czech Rep.</b>	<b>5,4</b>	<b>Daikin Device Brno</b>	<b>24,3</b>
<b>Honeywell</b>	<b>0,2</b>	<b>Daikin Electronics parts, INC.</b>	<b>21,3</b>				

Source: CzechInvest, 2006



# Case Studies



# Results – Case study I

„We got following contracts, within the frame of CzechInvest’s Supplier Development Project

2002 - 8,7 mil. EUR

2003 - 10,1 mil. EUR

2004 - 13,1 mil. EUR



with Daikin Industries Czech Republic, s.r.o., Matsushita Electric Works, s.r.o. and Black & Decker,“

said Mr. Odermann - General Director - Plastik HT.

# Results - Case Study II

Tanex **PLASTY**, manufacturer of polymer mouldings. Made head restraint inserts for VW and Renault.



A complete head restraint has 200 times the value of the polymer insert. Tanex did not have the technology to produce the whole unit. Supported with technology from their major customer they began to produce the complete unit.



By extension of this technology they created a range of new high value added products exporting world wide.

# Results - Case Study III



## Supply Chain creation

- Wendell – Electronic Manufacturing Service company established in 2002.
- Full service offer (design, assembling, testing, purchasing, logistics, aftermarket services).
- Participant of the 3rd round of SLP in 2005 (customer satisfaction, HR services, manufacturing quality, strategy)



**We have concluded a new 3-year period contract with CELCO in total volume 90 mil. CZK. Additionally 20 new jobs will be created.**

**Pavel Švec jr. Sales & Marketing Manager**

# Results – Case study III

## Supply chain creation



- Dioss traditional Czech producer with a wide portfolio of activities (engineering, tool-shop, electronics, etc.).
- Casio finished batteries production with Dioss in 2006 (simple assembly).
- Due to cooperation with Casio Dioss halls were adapted for electronics production. (EDS, attractive layout).
- CELCO - Panasonic Tier 1 Supplier has bought Dioss shares in order to satisfy Panasonic increased demand for PCB's.



**Total Investment 233 mil. CZK, 300 jobs**

**Mr. Kroupa Dioss General Manager**

# Results – Case study III

## Supply chain creation



**Panasonic**  
ideas for life

Factory for TV Sets  
**Key Global Player**



Company for PCB Assembly  
**Czech&Foreign joint venture**



Supplier of Printed Circuit Boards  
**Czech ownership**

**WENDELL Celco & Dioss Panasonic**

# Thank you for your attention

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