

A formidable team: parts supply during the coronavirus crisis

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22/05/2020 No production is possible without components. How do employees in the Procurement department and the plants make sure that all parts reach the factories on time, despite the applicable restrictions?

Stay-at-home-orders, closed borders and production shutdowns – the coronavirus crisis has brought about a host of restrictions in almost every country in the world. One of the consequences of COVID-19 is disrupted supply chains, because Porsche suppliers are responsible for creating around 80 per cent of the value added.

Of the more than 1,300 series-production suppliers, 50 per cent are located abroad, and over a third of these temporarily shut down their operations during the coronavirus crisis.

“Procurement is a team effort – across all departments – not just during the coronavirus crisis,” says Olaf Bollmann, Vice President Procurement Strategy, Capacity and Process Management. For employees in this department, the exceptional situation began long before the virus paralysed German cities and municipalities. “As early as January 2020, when the situation escalated in China, we looked in detail at the situation faced by our suppliers and researched potential alternatives together with colleagues from Requirements and Capacity Management,” reports Sven Hagemann, Vice President Procurement Capacity Management and Series Control.

Ever since, members of the procurement, requirements and capacity management areas, plant MRP controllers, logistics specialists and financial experts have been coordinating tasks across the various departments and throughout the Group, communicating via video calls up to four times a day. Up to 100 people take part in the meetings to guarantee production restarts at plants in Zuffenhausen, Leipzig, Bratislava and Osnabrück.

The team jointly analyses the political conditions in individual countries, verifies which parts are available for delivery, identifies critical areas and also examines ways to support suppliers where necessary.

For instance, over the course of the past few weeks it was necessary to establish which partners were shutting down production solely as a result of Porsche stopping production or whether it was due to local political decisions making production impossible.

Procurement and logistics specialists have continuously remained in close contact with all suppliers to ensure that reliable information is available at all times. The employees then consolidate the results in a transparent management overview featuring a traffic light system. This enables daily, well-founded assessments of the current situation and serves as a basis for the decisions made by the Executive Board.

Among other things, this information served as a basis for the decision to reopen the Porsche plants in week 19. This is because important Porsche components such as instrument clusters, axle components and brake callipers are supplied from Italy, where authorities had imposed production restrictions until 3 May. In this context, the Procurement and Logistics team members were in close contact with their suppliers at all levels in order to develop a reliable basis for planning.

Eleven per cent of Porsche’s suppliers are based in countries that have been particularly affected

A total of around 11 per cent of suppliers are based in countries that are particularly affected by the coronavirus pandemic, such as China, Spain and Italy. All of them have now restored their supply capabilities. However, some have been severely affected by the lockdown and Porsche is trying to support these suppliers in the best possible way.

"It's about overcoming the crisis together. If it helps our partners, we will accept goods in advance and store them at our premises," explains Christian Haffinger, Vice President Procurement Metal. Additional measures are agreed in close cooperation with colleagues from the financial department and, in individual cases, with the Executive Board. We have ensured that the COVID-19 health and safety standards that apply at Porsche plants have been provided to suppliers and freight forwarders, who must apply them in a similar fashion.

"Thanks to the commitment of everyone involved, the restart went as planned – we are gradually ramping up our operations together with our suppliers. In this process, the outstanding collaboration between all involved departments was the crucial key to success – especially in such an unprecedented situation for us all," Michael Weihrauch, Head of Logistics in Leipzig, is delighted to report.

Most supply chains are currently now stable again. However, there may still be the odd bottleneck. For this reason, detailed monitoring is in place for critical suppliers and regions. If necessary and possible, stocks of affected components will also be temporarily increased.

Over the coming months, the team will continue to work together closely to guarantee smooth production and potentially catch up the production backlog resulting from the production shutdown. Patrick Küster, Head of Requirements/Capacity Management: "For this purpose, we are working closely together with colleagues in Sales, Programme Planning and Procurement, we are continuously assessing sales potentials on individual markets, and are optimising our operations to always provide the correct components."

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