



IMIG China News 2009

Your partner for profitable growth by innovation

International Management & Innovation Consultancy (Shanghai) Co., Ltd.,

Member of the IMIG Group Germany

<http://www.imig-ag.de>



International Management & Innovation Group — 10 Years Growth Worldwide in LEAN Implementation (Interview with China Economic Daily)

- **IMIG—10 Years Growth Worldwide in LEAN Implementation (Interview with China Economic Daily)**
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Picture: Mr. Martin Uhlemann, IMIG China CEO

IMIG (International Management & Innovation Group AG) is an international consulting company with headquarters based in Germany. Founded by Dr. Matthias Hartmann in 1998, IMIG currently has several offices all over the world, including Germany, Mexico, North America,

Shanghai China and Japan to provide services to many manufacturing companies in automotive, electronics and engineering industries in the fields of structuring and corporate process improvement by using Lean Management methods and tools.



IMIG focuses mainly on improvement towards effective profitable growth and efficient processes, and its holistic approach is based on innovative methods and highly efficient concept design. For this, IMIG provides tailored solutions for customers making sure to keep all the relevant employees closely involved. By implementing Lean Management, Innovation, Manufacturing, Logistics and Administration systems, IMIG makes proposals to optimize organization

structure, improve logistics and production processes in order to finally achieve customer satisfaction.

Cost Saving is Important - But Then What?

It won't have escaped anyone's attention that we're in the middle of a financial crisis. How serious it is depends on which newspaper you read. One thing is sure, though, costs need to be cut in line with volume forecasts which seem to be continually revised downwards. We are working with clients at the moment to increase efficiency in the usual areas of production and logistics, as well as addressing some new issues, such as efficiency increases in the area of innovation.

Companies are presently working on the basis of wanting to get more bangs for the buck, in other words wanting to answer the question, "How do I get more out of my R&D without increasing my headcount?"

But what then? Costs can only be cut so far and forward looking companies are looking to additionally refocus their activities to replace lost sales in traditional areas with new

sales in new markets. This approach is two-fold. On the one hand, a short term replacement of sales volume and on the other hand using the time now to invest in innovation for the future.

The successful companies will be the ones who not only pare everything to the bone now, but the far sighted ones who have invested to catch the upward wave of a future economic recovery.

Lean Practice that Drives Supply Chain Success

— Summit for China Automotive Parts Industry



Sep 2008, Changchun. “2008 China Automotive Parts Industry Summit” was held by Ufida under the support of IMIG. More than 200 top managers from well known automotive parts companies in North China participated in this meeting.

IMIG China CEO Mr. Martin Uhlemann and other experts from the automotive and parts industry held a speech on the Future of Automotive and Parts Industry in China and Management Growth Trend of World Automotive and Parts Industry. They achieved common consensus that the



IMIG China CEO: Mr. Martin Uhlemann

growth of the China automotive and parts industry is based on the growth of their internal management level. Facing the current complex economic situation, companies have to optimize their business process and improve their supply chain management and operation efficiency.

Relying on his rich management consultancy experience in international companies, IMIG’s senior consultant Mr. Xie introduced the current most popular management tools such as neutral warehouse, continuous flow oriented factory layout, value stream mapping. In the interactive session, lean experts answered a lot of questions con-



IMIG China Senior Consultant: Mr. Xie Linchun

cerning: The management gap between the China automotive industry and World automotive industry; How to implement lean in domestic automotive parts companies; Key points for the China automotive companies to implement supplier management.

This meeting has brought valuable experience and information for the China automotive and parts companies. It will definitely drive them to form their own management model, so as to catch up with the world class standard.



Phase 3 of Ameco Lean Management Program successfully completed

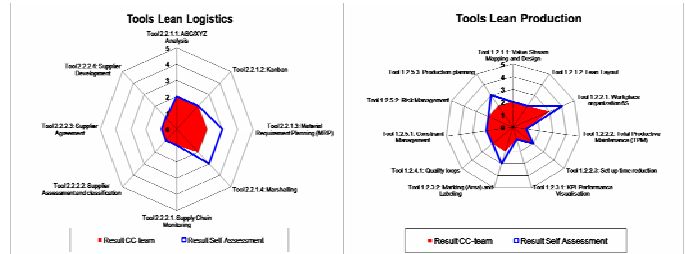
In previous Newsletter we reported on the Lean Implementation Program at Ameco Beijing, a joint venture between Air China and the German Lufthansa founded in 1989 with core competency in aircraft maintenance, repairs and overhaul for the Air China and Lufthansa fleet, as well as 3rd party Customers.

While in Phase 2, the major content was development of the Ameco Lean Program (further referred to as AMLP), as well as running 3 individual pilot areas parallel to Phase 3 of the Lean Implementation Compliance Check and the setup of 2 additional pilots were on the agenda.

Compliance Check – Verification of Lean Program Design

With the beginning of Phase 3, all relevant departments fulfilled the Compliance Check according to AMLP. Major objectives of these 3 weeks Compliance Check were:

- Collection of “best-practice” solutions for AMLP reference manuals and customized training manuals
- Bottom-up-Verification of AMLP DRAFT Manuals
- Evaluation of selected subdivisions / departments concerning implementation / usage of principles, methods and tools and first estimation of Implementation effort for AMLP



Picture: Radar chart of CC Results

After the Compliance Check, AMLP Reference Documentation including “Best Practices”, was finalized and, improvement roadmap for the relevant departments was developed. Those individual roadmaps will be tracked by the Lean Experts with partial support of IMIG consultants.

The above mentioned 3 pilot areas are:

- Pilot - Landing Gear Overhaul
- Pilot - Line Maintenance
- Continuation - Engine Overhaul Services

Bottom Line

In MRO business everything seems to be different and more challenging due to safety aspects and aircraft regulations. Using Value Stream Mapping and Design as a key tool and discipline and perseverance as a major characteristic, helps to create and implement sustainable improvements, also in this type of business.



KSB Shanghai Pump Co. Ltd

Supply Chain Management Improvement Program

The KSB group is one of the leading producers of pumps, valves and related systems with over 30 manufacturing sites in 19 countries. Starting with trade relations with China in the 1970s, KSB opened local manufacturing plants in 1994, 2004 and 2005 to become today's most important supplier for technically advanced pumps and valves in China. Consequently KSB has gained a very high reputation in the market segment industry (including chemicals, oil&gas, pharmaceutical, process technology, marine and general industry, as well as water, waste water, energy (conventional & nuclear) and building services.



Increasing delivery lead time and the need for higher productivity, induced the company to change their ways by starting a plant-wide lean management program with IMG Shanghai. The main target is to reduce the delivery lead time, streamline the material sourcing process, and improve visual management on the shop floor and material handling areas.

The project, running from January to November 2008, focused on two sectors: supply chain management for parts and manufacturing. In the parts-supply chain management stage, IMG helped standardizing the motor and casting range and decided on for which products to build stock. Items were classified with ABC/XYZ analysis to select the sourcing method for each part. For parts provided by a kanban pull system, the joint effort between KSB associates and IMG consultants enabled the successful design of kanban cards and boards including their imple-

mentation on the shop floor and warehouse.

In the manufacturing management stage, IMG organized SMED workshops to improve working efficiency in the machine center. The results are very satisfying as capacity increased from 1.5 pieces to 2 pieces per shift. Moreover the 5S and visual management workshop established a well organized and efficient working environment.



As the result of the project, the delivery lead time was successfully reduced from previous 5-6 months to currently 6-8 weeks. To extend IMG's effort and further improve KSB's process efficiency, the application of the same methods to other product series are being taken into consideration.



Management System Study Tour to Toyota Japan Sep 14—19

IMIG AG will organize the next Toyota Production System Tour during 2009 from Sep 14 – 19.

The Toyota Production System sparked a revolution in manufacturing over the past two decades and is today state of the art worldwide. Benefiting from its Lean production system, Toyota has been able to survive and stand many crisis. Under the current global economic crisis, it is especially interesting for us to visit Toyota to experience the philosophy of Lean first hand.

The Toyota Production System (TPS) is today's benchmark for highly efficient production in all kinds of industries. Coming from a long history in TPS, Toyota focuses consequently on the company's principles and quality standards and communicates those among the employees as well as to their suppliers.

In order to experience the Toyota Production System at its point of origin, IMIG organizes this TPS Study Tour in Japan once a year. This Tour allows participants from

several industries to see behind the curtain to have a detailed insight into the production process and the organization at Toyota and

other Japanese Top Companies.

Tour Content:

Practical Part: On site experience – several Toyota plant visit and additional plant tour at some other famous Japanese companies such as Ricoh, Mitsubishi, Honda, etc.

Theoretical Part: TPS specialists from Toyota with long term business experience in TPS will explain the philosophy, the basic principles and the detailed methods of TPS (Kanban, Jidouka, Kaizen, Just in Time, etc.). Of course the theory part includes several Q/A sessions to leave no questions open.

Tour Schedule:

The next tour is currently planned to Japan (Nagoya area) from Sep 14 – 19, 2009.

	Monday 14.09.2009	Tuesday 15.09.2009	Wednesday 16.09.2009	Thursday 17.09.2009	Friday 18.09.2009	Saturday 19.09.2009
Morning session	Arrival Transfer and check in	1. TPS Training • Basics of TPS • Total TPS • Briefing & preparation for plant visit	RICOH Plant visit 	2. TPS Training •KANBAN •Briefing & preparation for plant visit	3. TPS Training •Practical training at TPS Training Center	Departure
		Lunch break	Lunch break	Lunch break	Lunch break	
Afternoon session	Toyota Plant visit Q&A Session 	Mitsubishi Motors plant visit 	Honda Motors Plant visit 	Wrap up •Q & A Session •Lesson learned •Overall review		
	Dinner Party e.g. Izakaya			Dinner Party e.g. Shabu Shabu		

Tour Organization:

The tour will be organized by IMIG AG and its on site partner company FMIC Inc. (Tokyo).

Simultaneous interpreter (Japanese – English) will accompany the tour.

All those interested in attending such a tour or in receiving any additional information, please contact:

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BT Burgmann Italy wins SCM Excellence Award with support of IMIG Germany

BT Burgmann in Vicenza/ Italy, a subsidiary of Eagle- Burgmann, won the Freudenberg Group's "Supply Chain Management Excellence Award 2008".

In the past, the on-time-delivery rate of BT Burgmann was only at 60 percent, resulting in customer complaints. That's why in 2007, the company decided to start a supply chain project supported by IMIG Germany in order to scrutinize the entire production process and systematically focus on closer customer orientation. Only one year after project start, roughly 70 percent of the manufactured production volume was using Kanban in order to plan the production process from dispatch to material order. This is one of the main reasons why BT Burgmann was able to improve its on-time-delivery rate up to 95 percent, reduce the backlog from 300,000 to between 2,000 and 6,000 parts and cut its stock by 25

percent (within six months!).

We want to congratulate BT Burgmann and our colleagues from IMIG AG in Germany for this impressive and successful project.



Picture: Winner Team

IMIG Shanghai Joins Chamber of International Commerce Shanghai

To further expand IMIG's market exposure in Shanghai and for better international communication, in 2009, IMIG joined the Chamber of International Commerce Shanghai (COIC Shanghai).

Established in 1988, the Chamber of International Commerce Shanghai and the World Trade Center Association Shanghai are service-oriented towards enterprises, facing international and domestic markets, linking governments and

sister chambers all over the world, building trust through services and creating business opportunities by providing information, and paving the road for enterprises to go global.



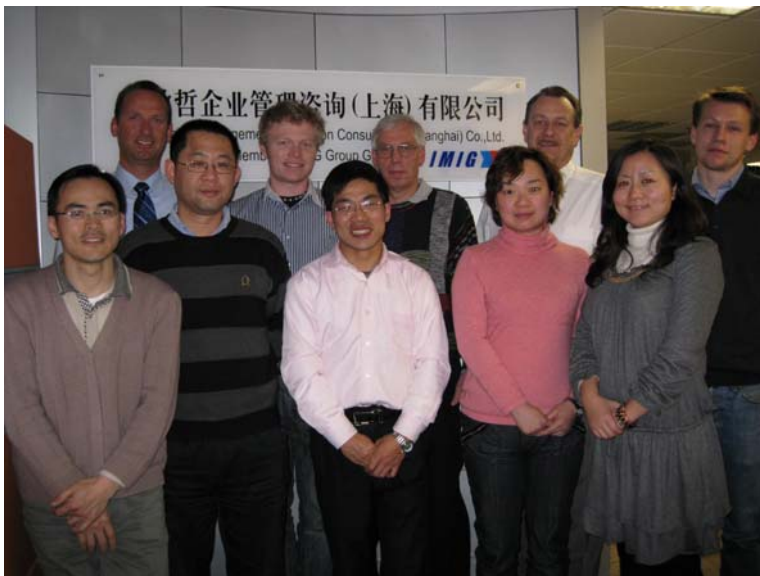
IMIG Group CEO and IMIG VP Asia Pacific visited China subsidiary

In the first week of March, IMIG China had the opportunity to welcome IMIG Group's CEO, Dr. Matthias Hartmann, and IMIG Asia Pacific VP, Michael Goldhacker, in Shanghai.

As one of the important topics of IMIG China, CEO Martin Uhlemann reported on the achievements in 2008 and the intended targets for 2009 concerning sales, expenses and profit. He reported that IMIG China was still on expansion course in spite of the financial crisis that has also influenced the China

market.

After visiting some customers and receiving good feedback, Dr. Hartmann stated that the continuous growth of the IMIG Group and in particular of IMIG China, despite the existing financial crisis, was only possible because of the high international IMIG standards that are valid for all IMIG consultants around the world. Providing excellent service to our customers must also be a priority for all new team members.



Picture: IMIG China Staff Photo

Coming Activities

IMIG Convention 2009

Time: 30 Sep 2009 — 01 Oct 2009

Place: Germany

Recruiting

Position: Senior Management Consultant

Job Responsibility:

- Implementation of customized production system
- Localization of IMIG way of consulting
- Marketing and business expansion

Requirements:

- More than 8 years working experience in middle or large sized manufacturing companies.
- Have experience in lean production management
- Take above middle level position
- Good English skills preferred

Logion

Do not, for one repulse, give up the purpose that you resolved to effect.

— William Shakespeare

The important thing in life is to have a great aim, and the determination to attain it.

— Johan Wolfgang von Goethe

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