



## Automating China's supply chain

By Gareth Powell May 12th, 2008

For its next major push forward China has got to get its logistics right. And it is doing it through desperately needed improvements to the transport infrastructure and the use of technology to control the movements of goods. With some of the bigger companies the logistics within the company are already world class.

**Benz-DaimlerChrysler is showing the way with its factory in Beijing by introducing just-in-time methods which, in turn, depend totally on efficient logistics within the company and among its suppliers.**

In 2006, BeijingBenz-DaimlerChrysler Automotive Ltd (we will call it BBDC because life is too short) opened an all-new state-of-the-art factory in Beijing to build Mercedes Benz E- and C-Class sedans, as well as Chrysler's best-selling big-grilled 300C sport/luxurymobile.

**The idea was to have a totally modern factory using enterprise resource planning for just-in-sequence production. This is a step in the just-in-time process.**

BBDC went to two companies for electronic solution — SAP and Seeburger. The result was the first fully integrated automotive supply chain management infrastructure in China and one of the most advanced systems of its kind in the world. (And, by the way, some snazzy vehicles which are world class.)

**When you make a move like this it is complicated beyond measure. For not only must you make it work in your own factory you need to implement a form of the system throughout the supplier network, down to the smallest local suppliers.**

James Hatcher, managing director at Seeburger Asia Pacific, using the acronym EDI for electronic data interchange as if it were part of daily speech, said, 'EDI is not widespread in Asia, but it was mandated by Daimler Chrysler to optimize BBDC's supply chain. The project therefore had even more challenges than a typical EDI implementation.'

BBDC used Seeburger to handle business-to-business integration. Seeburger established a strategy to EDI-enable 100% of BBDC's suppliers which must have been a task and a half. But it was done on time and was ready when the plant opened in mid-2006.

**That is making sure that machines are made with the right parts ready at the right time and is to be applauded.**

The next major step is to see that the completed goods — in this case vehicles — can be moved to their final destination at the lowest cost and highest speed. This is the main problem facing the logistics industry of China and government and industry are working together on it at the moment.

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