

## **Chapter 6 Conclusion**

This thesis investigated the concepts of Automotive Supplier Parks. Beyond the common definition of a clustering of suppliers in the immediate proximity of the car manufacturer's plant and the holistically planning of the park by the OEM, the term and characteristics of the supplier park types, be it modular consortia or industrial condominium, differ from each other.

The dimensions identified are the physical layout, who owns which type of assets and employment governance.

Geographic proximity as the catalyst can bring a considerable advantage, not only in terms of JIT-delivery, but also regarding communication and collaboration. Nearness of the parties can promote the exchange of tacit knowledge and the establishment of a uniform information network in order to facilitate material and information.

On the other hand, the great interdependence between the OEM and suppliers can cause serious communication problems to the point the relationship can break up, so geographic proximity can turn into the biggest disadvantage as well.

Concerning disadvantages, Sako determined 4 dilemmas in Supplier parks, which consists of the issue of having a unified or non-unified employment system, the question whether to have a participate or non-participative governance, the struggle to find the perfect balance between the suppliers' commitment and flexibility and the question whether a modular production requires proximity.

Talking about the current trends, supplier parks nowadays become more important in emerging markets such as Eastern and Central European or Latin American countries, meanwhile in Western Europe the number of Supplier park foundations decreases due to a certain saturation effect.

Taking a look at the general interior of the supplier parks, a trend observed is that almost everywhere the same companies appear– big global-acting supplies with a large bargaining power and long-term established relations with the car manufacturers.

This therefore makes it difficult for smaller-sized and local companies to access to this exclusively circle of suppliers located in the supplier park.

Taking a specific look at supplier parks in Mexico, one can observe that Mexican supplier parks represent the current global trend with large global-acting companies dominating.

In Mexico there exist mostly the same advantages and disadvantages as commented in literature. Mexican supplier parks are characterized by a good organization and a clear task division. Another fact Mexican supplier parks reached is the improvement of quality.

However, there are particular disadvantages which make them unique:

In Mexico, it is especially tough for local Mexican suppliers to enter the park as the car manufacturer requires high quality standards with which Mexican suppliers are often not able to cope.

Another particularity of Mexican ASPs is the constantly persisting problem with the trade unions which often avoids the good functioning of the parks.

Another thing to improve is the collaboration of Research & Development in the supplier parks. Although the car manufacturers do collaborate with a few suppliers, there are still a lot of suppliers who are not involved in R&D issues which would be good for the relationship on a long-term base as the suppliers will not just feel bossed around by the OEM. Moreover, the OEM can profit more than ever from the suppliers as they become extremely specialized.

Another part of the thesis dealt with the elaboration of alternative concepts for suppliers located further away from the OEM. 5 alternatives have therefore been elaborated. Besides two classical types of warehouses (consolidation and breakbulk warehouses), freight and distribution centers are also considered to be an alternative. The last concept is the relatively new concept of the Multi-Customer-Supplier Park.

Projecting those alternatives to Mexico the consolidation warehousing is considered to be the most appropriate alternative as they bundle small shipments to larger economic shipments and can be sent altogether to one client. This type of warehousing is also preferred by freight forwarders in Mexico.

MCSP is theoretically a good alternative, but at the moment not applicable for the Mexican market as the infrastructure found there does not permit a good functioning of the concept, especially talking about long-distance transportation.

**In JIT-deliveries** from outside the supplier parks, one should not forget that there exist **two indispensable elements**: The first one is a **good functioning of the supplier's production** and the second one is a **good communication and collaboration between the OEM and the suppliers**.

In the large distance supply suppliers more and more make use of freight forwarders, which is favorable because of:

- The specialized and customer-oriented services offered by freight forwarders
- The freight forwarder's knowledge of the particularities of the transport modalities and infrastructure of the country
- The suppliers can focus on its core businesses

Freight forwarders are not able to play the role as a catalyst in the Just-in-term delivery as the main work needs to be done by the suppliers and the car manufacturers. The suppliers first of all have to assure that their production functions well and that there is no communication gap between them and the car manufacturers in terms of delivery.

The freight forwarders can only have the function as connectors, but when having widespread logistic networks freight forwarders can be an extremely useful tool for an adequate JIT-delivery.