Haier Supply-chain Management

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Haier Statistics

Haier has experienced continuous turnover increase over the past 19 years after the establishment.

Sales Ranking on Brand Basis

(Source: Euromonitor)
Background info of Haier Supply-chain Management

Enterprise Organization

- Profit pressure
- Increasingly shorter delivery period
- Customized demand increase
- Shortened product life span
- Resource shortage

Logistics
Eliminate “2 Walls” in the way to success

Global suppliers

Design

Haier

Channels

End User

Suppliers are destined to satisfy the demands of end users.

Distribution contracts are signed not only for low price, but also for feasibility.

Emerson (China) started in Haier (Jiaozhou) Industrial Complex

Logistics contract signed by Haier and Zhongyongtongtai

Overseas stores

Home stores

Appliance stores

Supermarkets

Haier franchisees

Satisfy

Suppliers

Channels

Haier

End User
Haier Supply-chain based upon business flow restructuring

1. Business flow restructuring is the basis of Haier Supply-chain Management, shifting functional to order centered management.
2. Order centered performance improves coordination in supply-chain management system, reduces supply-chain performance costs and ensures that Haier develops healthily.

Logistics
Procurement management

- Centralized procurement and distribution of production raw materials for 28 divisions (including overseas factories) to reduce production costs
- Global procurement accounts for 82%, and 59 suppliers are Fortune 500.
- Suppliers establish production factories in vicinity of Haier industrial complexes.
- Global suppliers are involved in Haier R&D process to improve product competitiveness.
Haier Supply-chain Management supported by fair, practical and win-win coordination mechanism

SRM system to improving supply-chain efficiency (www.ihaiier.com)

★ E-purchase order management
★ E-consultancy prediction
★ E-stock inquiry
★ E-settlement
★ Global e-bidding
★ Supplier management
1. Order oriented production, sorting and distribution

2. R&D and application of electronic labels for sorting system to reduce sorting errors and to improve sorting efficiency

3. Application of VMI enhancing supply chain flexibility and improvement capability

4. Bulletin displaying the input and output performance records on the basis of par capita input and output calculation to reduce material consumption
• 42 logistics centers
• Tracked in the whole process
• 16,000 vehicles available
• Promised 8h delivery in major cities
• Promised 24h delivery outside major cities
• Promised 48h delivery on average along nationwide main transportation routes
Supply-chain process tracked by bar code visual system

1. The bar code scanning is applied for terminal data collection through the whole process from parts and accessories supply to finished product delivery.

2. Supervising control and visual tracking in the whole process from parts and accessories supply to finished product delivery.

3. Performance of the supply-chain management is improved through automatic data secession and responsibility traceability.
1. The info system drives the supply-chain sync move and increases the supply-chain response efficiency.

2. Bullwhip Effect is reduced by shared info in the process of supply chain practice.

3. Info interchange makes the supply chain system transparent for efficient improvements.
Supply-chain Management reform ensuring that Haier grows significantly

- Logistics costs reduced by 5% ~ 15%
- Supply-chain performance costs reduced by 10% ~ 25%
- Link relative of purchase cost reduced by 10% or more continuously
- Warehouse floor reduced by 90% and raw materials stock period shortened by 77%
Supply-chain Management Achievements increases enterprise competitiveness as a core

Customer > Sales plan > Purchase order > Material delivery > Making > Delivery > Customer

Previous

Current

15 days

10 days

1 day

n days

7-10 days

36+n days

4-5 hours

3 days

1 day

24 hours

4.5 days

10 days

(Transit Warehouse)
Thanks