



TOYOTA TSUSHO – FROM THE PAST TO THE FUTURE

German-based Toyota Tsusho has broken out from its traditional focus within the Toyota group to act as a value integrator for European automotive OEMs. Tom Albrighton spoke to Martin Streckel and Frank Winzen, manager and assistant manager of the OEM Department respectively, to learn more about the parts – and the ideas – the company brings to Europe.

Historically, Toyota Tsusho's (TTESA) natural focus was partnership and trade with other companies in the Toyota group. However, as Martin Streckel explains, the German branch has opted to take its work into new areas. "In the Toyota Tsusho group, 95 per cent of trade is done with Toyota or other group members. We were a normal member of the group, but we're something of a pioneer in that we supply other OEMs, which makes us rather unusual. In 2001 we established a production line for piston assembly, which made us

unique in another way – becoming a parts producer in a group that is based on trading."

But why take this new path? "The driver for our new direction was customer needs, specifically the emerging demand for Japanese expertise and suppliers from OEMs such as DaimlerChrysler and VW around 1998. They needed the kind of development support that we could provide and were seeking suppliers from outside Europe. Japanese suppliers were regarded as very strong technologically, so enquiries were directed towards Japan,

which is where we came in, because we had the relationship with both sides. Today we have around €20 million of business outside Toyota."

Value integrators

Toyota Tsusho acts as a value integrator for European automotive OEMs, sourcing parts on their behalf and integrating them into finished components. Martin Streckel explains what 'value integration' denotes. "It means providing everything from finding the product, through engineering support,▶



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into assembly and supply chain management, for example as part of a just-in-time system. We have engineers, logistics experts – the full range of experience and backgrounds required to bring parts to each of our customer OEMs in the right way.”

The USP is the combination of technical expertise originating in Japan, market knowledge and supply-chain capability, as Frank Winzen explains. “We’re a first-tier supplier for parts, taking full responsibility for the value chain that produces them, but partnership and service is a big part of what we do. For example, we provide engineering support in terms of helping OEMs to develop components and bridge the gap between the Far East, US and Europe.”

Pistons and more

Martin Streckel outlines the primary areas of focus. “We work exclusively with the automotive trade. In the past we worked on both interior and exterior parts, but more recently we’ve concentrated on engine parts and metal products. We supply mainly pistons, but also some other engine parts such as bearings and gaskets, and also some electrical parts such as fuses. On pistons, our major customer is Mitsubishi-DaimlerChrysler (MDC), for whom we supply all the pistons for the Smart Forfour petrol engines. VW is another big customer for both pistons and bearings.”

In the area of pistons, TTESA's product range extends from a wide variety of pistons for small engines, through pistons for passenger cars with gasoline and diesel engines, to those intended for installation in large engines. The company also has long-term experience with gasoline direct injection (GDI) pistons. The assembly line for pistons is the heart of the business. It can fit all necessary components to a naked piston – piston pins, snap rings,

rings, oil rings and expanders – in order to create a fully usable piston delivered as one system to the customer.

Frank Winzen explains what this means for customers. “We are on the way to being completely independent in terms of piston assembly, so our customers can choose whatever parts suppliers they wish and we can still give them added value in terms of high-quality assembly. That’s another benefit of working with us ▷





– customers can choose from each and every market worldwide, and because of our standards they know that only good quality products will reach them in the end. We bring competition into the equation, but without being a real competitor.”

Quality assurance

Perhaps the most significant benefit for customers who choose TTESA is the emphasis on quality, where the company has a very strong reputation. Frank Winzen points out why this is so crucial. “The automotive industry runs on word of mouth, and once we’d established with VW, Daimler-Chrysler approached us to start working with MDC. Next year, we will start working directly with Daimler-

Chrysler. So our reputation is a key business asset – it denotes our quality level, which is appreciated by all our customers.

“We try to exceed quality standards, not just match them. For that reason, customers will sometimes come to us to discuss improvements they would like to suggest to other suppliers.” Product tracking is one area where going the extra mile realises new benefits. “For example, we have a data-matrix code system allowing us to determine when any particular piston was produced and what rings were used to make it. The suppliers mark their parts with a code, and our system scans them and collates the information into a single file created for each piston, providing easy-to-use

100 per cent traceability. If a piston’s returned to us, a data filter identifies it from the millions of pistons in our records in a matter of seconds.”

New directions

TTESA continuously carries out strategic product investigations and evaluates advanced technologies in order to find cost-effective product alternatives. As Martin Streckel explains, that’s increasingly a global undertaking. “Because of changes in the automotive world, we’re trying to gain in-depth knowledge about every market around the world – America, Mexico, India, Europe, including Turkey and Russia. That’s partly so we’re prepared to support our OEM customers in areas like Germany whatever they choose to do. We’re also seeking out parts from those markets that aren’t really traded in Europe that can open up new business for us. Priority areas for us are the aftermarket, which is a high-value market that offers large profits, and also engine parts such as pistons, bearings and surface treatments, where we’d like to expand rapidly, possibly through acquisition.”

Living the philosophy

The company’s focus on quality is more than a strategy; it’s a holistic approach that has its roots in Toyota’s heritage, as Frank Winzen explains. “We aim to use assembly lines with poka-yoke systems, and we are certified to ISO 9001, ISO 14001 and ISO/TS 16949; in fact, we were one of the first to attain the new standards three years ago. So we can deliver at the level that is essential for survival in the automotive industry. But we don’t just hold the certificates, we try to live the philosophy, implementing quality thinking in our service as well as our production. Whether there’s a problem or not, we want to try and improve – the kaizen approach.”

Poka-yoke, or foolproofing, means designing to make errors impossible: an everyday example is washing-machine doors that will not open while the device is running. Kaizen is the philosophy of continuous improvement through incremental enhancements to products and processes. Both concepts are part of the famous Toyota Production System. More of a philosophy than a system, the ideas of the TPS have spread across the world and also include other well-known approaches such as just-in-time and kanban.



'Go and see'

CRM is another area where the Toyota approach realises benefits, as Martin Streckel explains: "One of our mottos is *genshi gen butsu*, or 'go and see'. It's an important part of the Toyota way. We stay in close contact with our customers, and try to visit them as much as possible. We have a customer questionnaire that we send out every year. We're planning to implement a method to determine customer lifetime value, and record each customer's history too. In this way we can create a pool of all the knowledge we've accumulated over the years."

Frank Winzen adds more: "Two months ago we established a web page (www.ttesa.de/oem) where customers can find out about us without asking us directly or going into too much detail at an

early stage. We carried out a mailshot to encourage people to visit and get to know us better. The aim is to raise our profile in the market."

Perhaps by adopting more Far Eastern approaches, Europe can withstand the competitive pressures from beyond its borders. Martin Streckel certainly hopes so. "Even though more and more companies are moving eastwards, we want European manufacturing to continue. As part of a global group, we can move if we have to, but we'd prefer not to. So we have to work harder than anyone else."

"In Germany, we've realised that we're not as strong as we once were, and we have to focus much more on

more integrated systems, like the Toyota Production System, that look beyond processes. For all of us, all across Europe, the way to stay profitable is to reduce costs, and that can only be done through optimisation and the reduction of waste. If we don't do that, we won't survive. For us, that means improving every day in every area – sales, engineering support and production – to ensure we still have the capability to integrate value for the customer." □

