

# Proposal

2017-10-011

## Support in Materials & Logistics Management

Date of Proposal: 06.06.2017

Reference: Conference call with J. Bruno (plant manager) on 01.06.2017,  
previous email communication

Customer: ERT Automotive Bohemia s.r.o.  
U Vodárny 1506  
9701 Písek  
Czech Republik

Contractor: IPOL Institut für Produktionsorganisation und  
Logistik GmbH  
Ehrenbergstraße 11  
98693 Ilmenau  
Germany

Your Contact: Dr. Holm Fischäder

## 1 Project Objective

ERT Automotive Bohemia is part of the ERT group and operates as an automotive supplier mainly in the field of textile and leather interior components for passenger cars. Its plant in Písek includes technologies such as Laminating, Moulding, Cutting and Sewing; the plant is part of multi-national supply chains to several OEM's.

Current situation is characterized by

- Introducing AP+ software with only little internal know how to use it
- Little know how in which AP+ functions might be suitable and how they must be customized
- Updating AP+ software without backup plan and therefore several functions being not available
- Basic data and data collection processes are not appropriate and therefore the potential of AP+ software is not fully used
- Many new people in logistics department so far without appropriate training in AP+ software
- Lack of basic procedures and standardized processes in materials and logistics management, i.e. MRP, EDI and stock management is not working properly

ERP Automotive Bohemia seeks personnel support out of daily stress situations to set up new processes and organization with AP+ managing material flows correctly. Furthermore, support of the local team in implementation of improved processes and concepts is needed.

Hence, the contractor offers to provide his profound knowledge in the area of material and information flow optimization; he offers to support customers team members in both developing and implementing proper processes in materials and logistics management.

## 2 Scope of Services

### 2.1 Working Package 1: Workshop "Value Stream Audit"

Within this work package the current state of physical production and logistics processes as well as corresponding information flows is investigated and visualized by using value stream mapping. Process recordings will be made by evaluating so far created documents and by interviewing local team members. For this purpose, the contractor is planning a 2 day workshop at ERT Automotive Bohemia plant in Písek.

Work content:

- Executing of a formal audit of both logistics and production processes
- Focusing on information flows (materials requirement planning, order management) and IT system involvement
- Identifying of improvements in logistical and informational processes by applying best practices, requirements analysis
- Defining processes and rules according to plant needs (target status)

Results:

- Providing an action list / agenda and time schedule for turnaround
- Identification of support actions performed by contractor and necessary local team involvement

**2.2 Working Package 2: “AP+ System Optimization”**

Work package 2 focusses on information flow optimization and IT system improvements. Special attention is set on data quality and availability.

Therefore, support in the following tasks is considered:

- Introduction of standardized processes in material requirements planning, order management and shipping coordination
- Collection and evaluation of basic logistics data (customer demands, BOM, packaging data, ...)
- Improvement of logistics data quality, building up data repository
- Requirements on AP+ system support (work flows, necessary reports, system interfaces)
- Coordination of necessary system modifications together with software supplier and internal logistics and IT departments
- Performing trainings and workshops with local staff (key users)

The necessary extend of external support provided by the contractor is defined during “Value Stream Audit” (working package 1).

**3 Project Organization and Pricing**

For providing the working packages listed above, a project team consisting of employees with different qualification levels will be appointed. Hence the following project organization and calculation is applied.

Organization / Expenses	
Working package 1	<p><b>Value Stream Audit</b></p> <ul style="list-style-type: none"> <li>- In total 5 days project work including preparation and follow up work</li> <li>- 2 days on site work</li> <li>- 2 Senior / Logistics consultants on site</li> <li>- Language: English or German</li> </ul> <p>Fixed price: 4.900 EUR, plus VAT and travel expenses</p>
Working package 2	<p><b>AP+ System Optimization</b></p> <p>Personnel placement: <b>Logistics consultant</b></p> <ul style="list-style-type: none"> <li>- Multiple years of international project experience in production planning, material flow and logistics optimization in automotive industry</li> <li>- Conceptual work and calculations in logistics planning, material requirements management, production planning and control, business process reengineering</li> <li>- Special focus on information flow and IT systems</li> </ul>

	<ul style="list-style-type: none"> <li>- Preparation and supervision of workshops, trainings; management reviews</li> </ul> <p>Daily rate: 850,00 EUR, plus VAT and travel expenses</p> <p>Project organization:</p> <ul style="list-style-type: none"> <li>- On-site project work as necessary</li> <li>- Off-site project work (Ilmenau back office)</li> <li>- Language: English or German</li> </ul>
Travel expenses	- Invoiced separately; costs depend on time and expenditure involved

Contractor charges project costs on basis of incurred consulting days (Working package 2). The estimation of expected costs listed above is based on information available. Subsequent customer requirements, which are not described in this specification, initiate a change request, which is an offer for additional activities.

#### 4 Customers Cooperation Obligations and Location of Service Performance

Customer supports the contractor in definition of working packages and designates a project manager in its organization working as a principal contact for contractor's team members. Furthermore, Customer supports project work in making available internal personnel resources as specified in working packages.

Both conceptual planning and documentation activities take place either at customer's facilities or at contractor's back office in Ilmenau. Customer allows contractor's team members access to its facilities especially in case of providing services on site at customer's factory premises. Necessary workplaces are provided free of charge by the customer.

Contractor's team members operate independently in working on specified tasks. They are not part of customer's company organization. Furthermore, customer has no direct authority to issue directives. Contractors employees will organize themselves in workflow and working hours. Nevertheless, contractor's team will consider and respect agreements with customer taking into account both circumstances and restrictions to provide project goal fulfillment.

As assumed within project specification contractor expects both in time provision of planning data and access to IT systems to necessary extent. As far as access to data and IT systems is not provided unforeseeable extra costs may occur. These additional costs depend on time and expenditure involved and are invoiced separately according to the appointed daily rate conditions listed above. Customer's subsequent modification of planning data may have strong influence on planning effort and therefore on both results and project time schedule. The contractor is not liable to any time delays caused by insufficient and incomplete data supply.

## 5 General Terms and Conditions

A man-day shall cover employment of 8 hours per day not including travel times. Additional efforts based on subsequent changes in specification of services by the customer will be invoiced separately by mutual agreement. Subsequent changes (change requests) are all requirements that are not part of this proposal.

The contractor will conduct project work in cooperation with several contact persons of the customer, what maybe result in corresponding travel activities. Conceptual work and documentation activities are executed as far as suitable at contractor's back office in Ilmenau. Travelling and accommodation expenses are invoiced separately due to half of the appointed daily rate conditions. Thus, the following conditions are agreed:

- Mileage allowance 0,60 EUR/km or rental car including fuel costs as necessary (ILMR or similar category)
- Air and rail travel (Economy class)
- Hotel according to expenses
- Taxi and parking fees, road taxes
- Daily expenses based on rates in effect

Unless otherwise agreed, the client explicitly agrees that a local presence of contractor's team occur in required extent. Conceptual plannings and thoughts could be operated at contractor's domicile. Contractor's team members will be released from project on a daily basis for internal events.

The execution of the tasks listed above could require a contractor's deployment during weekends, bank holidays and night shifts. A detailed coordination of those deployments occurs sumptuary between client and contractors project management. Thereby each of the following surcharges are considered:

- 50 percent Saturdays,
- 75 percent Sundays,
- 125 percent on bank holidays,
- 125 percent on night shifts.

Expenses for printing training documents as well as layouts, process charts and value stream plots (large-scale plots) will be invoiced per receipt to the client.

All prices are exclusive of the statutory value added tax prevailing, which will be added to the prices. The order is accomplished as a contract of service. The payment of the project price takes place after invoicing on a monthly base. Payments shall be due within 15 days of the invoicing date, not including deductions.

The contractor shall be entitled to arrange for services to be performed by subcontractors. The contractor commits itself to treat all information about the customer, attained in context of the



project, strictly confidentially. In response, customer commits itself to use contractor's methods and documents only for his enterprise and not make it available to third parties without written permission by the contractor.

The contractor shall pay damages irrespective of any cause in law (e. g. infringement of obligations or unauthorized action) only subject to the following conditions:

- In case of wrongful intent or misrepresentation intended to deceive to the full amount of damage; in case of gross negligence furnished only limited up to no more than the overall compensation of the contract.
- In other cases: Only due to the breach of an essential obligation if the purpose of the contract is thus impaired, due to default and due to impossibility, always limited to typical, direct damages foreseeable at the time of completion of the contract and altogether limited up to no more than the overall compensation of the contract. Contractor will not incur any liability for consequential defect damages caused due to ordinary negligence or other indirect damages and loss of prospective profits.

The objection of contributory negligence shall stand open. The statutory liability in case of personal injuries and in accordance with the German Product Liability Act shall remain unaffected. The adhesion for all remaining damage is impossible.

Customer and contractor undertake to observe mutual loyalty. The active enticing away of staff of the other party is prohibited in particular. Moreover, customer and contractor undertake not to appoint any employee of the other respective party throughout the period of validity of the contract or within 12 months of expiry of the contract on their own account or via third parties or to employ them in any other way, unless the other respective party has given its prior agreement to this in writing.

Customer may, subject to a period of notice, cancel the contract at any time within a period of 15 days. In such case the contractor may demand the compensation agreed on, minus what contractor would save on expenses as a consequence of cancellation of the contract or would gain through other use of its employees or would purposefully fail to gain.

The contractor bounds itself to this proposal up to 16th of June 2017.

Ilmenau, 06.06.2017



Dr. Holm Fischauer

General Manager IPOL GmbH



## 6 Purchase Order

This proposal no. 2017-10-011 is accepted by ERT Automotive Bohemia s.r.o. The acceptance of the proposal in hand qualifies as commission.

Písek, 12/06/2017

Place, date

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Customer's stamp



Signature