How Automotive CFOs Can Boost FTE Productivity and Reduce WOC in Material Management

Düsseldorf 2025

horn & company

With our deep automotive experience, we know all upstream supply chain issues

From raw materials to OEMs—pressure on costs, lead times, working capital, and market dynamics

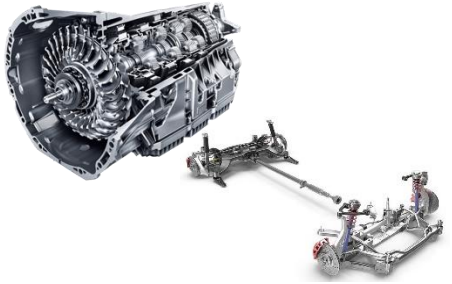
Value chain

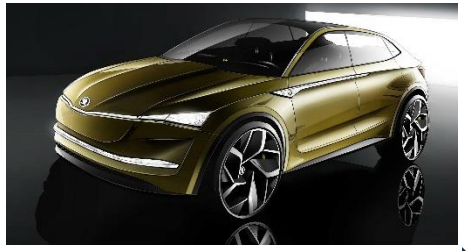
Raw materials e.g. steel & aluminum

Tier-[2/3-x] supplier

Tier-1 supplier

OEM





Depth of value created

Purchasing Challenges

Automation in planning

Payment terms adaptions

Short lead times

Improved OTIF

Higher material availability

No stock-outs

Short lead times

Improved OTIF

Automation in planning

Proactive supplier management

Inventory buffer

Full transparency about supplier performance

No stock-outs

Automation in planning

Proactive supplier management

Flexible & streamlined day-to-day operations of material mngt. is key to success

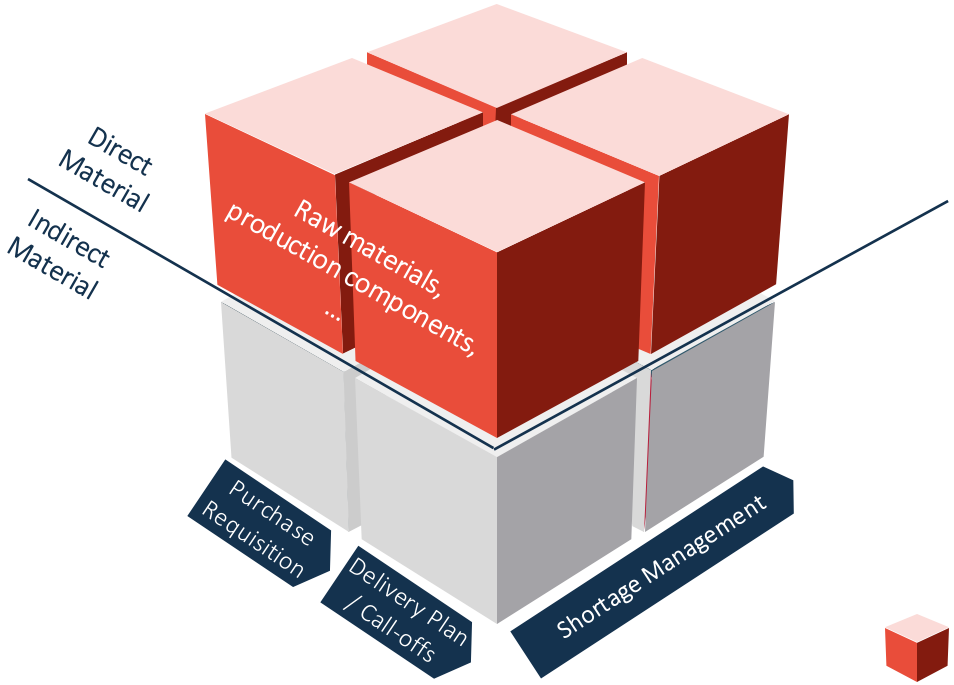
Supply Chain Excellence requires efficient and qualitative processes in purchasing of direct materials

Source-to-Contract Process

Strategic Sourcing Execution

Ensuring seamless supplier selection, contract negotiation, and sourcing execution to maximize cost efficiency and compliance within the Source-to-Contract process.

Material Management Process



Target: Expense Reduction

Cost management starts with effective sourcing execution, which is best facilitated by clear spend visibility and source-to-contract tools

Target: Increase of Efficiency and Process Quality

The processes for direct material procurement have many levers for improving automation, reliability, and quality through the whole value chain

We know the pitfalls of all variants in material management in detail

Optimizing procurement and supply chain processes to meet the speed and precision demand in automotive

Key Material Management Processes	Key Observed Pain Points
Purchase Requisition Process Purch. Requisition → Release Requis. → Create PO → Send PO → Receive Confirm. → Delivery Note → Goods Receipt → Quality Control → Invoice Receipt → Clear Invoice	Poorly integrated auto material planning with wrong parameters and manual reviews only High manual intervention rate, excess stocks as well as stock-outs Low automation rate, many clarification e-mails / calls and low process standards adherence
Delivery Plan / Call-off Process Demand Planning → Demand-Capacity-Balancing → Material call-offs → Stock Management → Supplier communication → Supplier development → Recurring transport disruptions	Limited focus on collaboration with supplier on regular demand planning updates High pressure on supplier flexibility / price leading to potential “troubled suppliers” endangering production
 **Supply Shortage Management Process**	High FTE resources allocated to “firefighting” supplier shortages and managing work-arounds Limited capacities for a strategic material management with mid-term focus

Together with the client organization, we take material management to a new level

A combination of different proven methods leads to efficient & effective procurement processes

Individualized Approach

- Workshops & Joint Measure Development
- \+
- Proven Hands-On Solutions
- \+
- Process Mining & Analytics
- \+
- Automotive Industry Expertise

Example Client Measure Bundles

- Adjustment of Master Data
- Digitalization Interfaces
- Change Process Contents
- Automation Process Steps
- Process Optimization
- System Usage Optimization
- Complexity Reduction
- Transparency Increase

Key Success Factors

- Integration of **auto material planning** via right parametrization
- **High transparency** on supplier performance, stocks & planning parameters
- **Culture change**: from manual planning to controlling of parameters
- **Powerful forecasts / IBP** for precise demand-capacity planning
- **Integration of Just-in-Time & Just-in-Sequence**
- **Flexible system** for demand changes
- **High-quality material management processes**
- **Proactive** risk management with predictive KPIs

Leveraging success factors through joint solution development that drive sustainable and quantifiable improvements

Our results are quantifiable and have a high invest-on-consulting value

Extract of key improvements from previous projects through optimized material planning processes

Increase in process efficiency

- 65% of the purchase orders are generated via **automated material planning**
- 75% Increased material availability reduces **manual workload for** "fire fighting"
- 80% of invoices processed via **automated invoice validation**

Reduction of the working capital

- 40% Increase of the **Days Payables Outstanding** (DPO)
- 35% **Reduction in stock** levels with **increased availability** through right classification (MTO/MTS) and parametrization
- 99% Of the **cash discounts** are utilized automatically

Increase in process quality

- 80% **Reduction in manual changes** to purchase order
- 90% **Reduction of stock-outs** for critical materials and increased **customer satisfaction**
- 95% Compliance with mandatory **master data** and parameter settings

With material planning optimization, organizations can achieve higher efficiency, improved working capital, and enhanced process quality, driving long-term success across the entire supply chain

A paradigm shift to data-driven, proactive, long-term material planning is envisioned

Enhancing efficiency through strategic supplier management and forward-looking for every material manager

Re-active material planning

Role Material Planner

- **Pro-active:** Risk manager – Optimizer of operational interfaces – Disruption preventer – one-face-to-supplier interface
- **Re-active:** Crisis manager with toolbox of standardized processes - Implementers of lessons learned
- **Repetitive work** is handed over to automation and monitored (e.g. Q-monitoring of master data)

Pro-active material planning

Currently, much of the performed tasks in the short term are reactionary "planning"

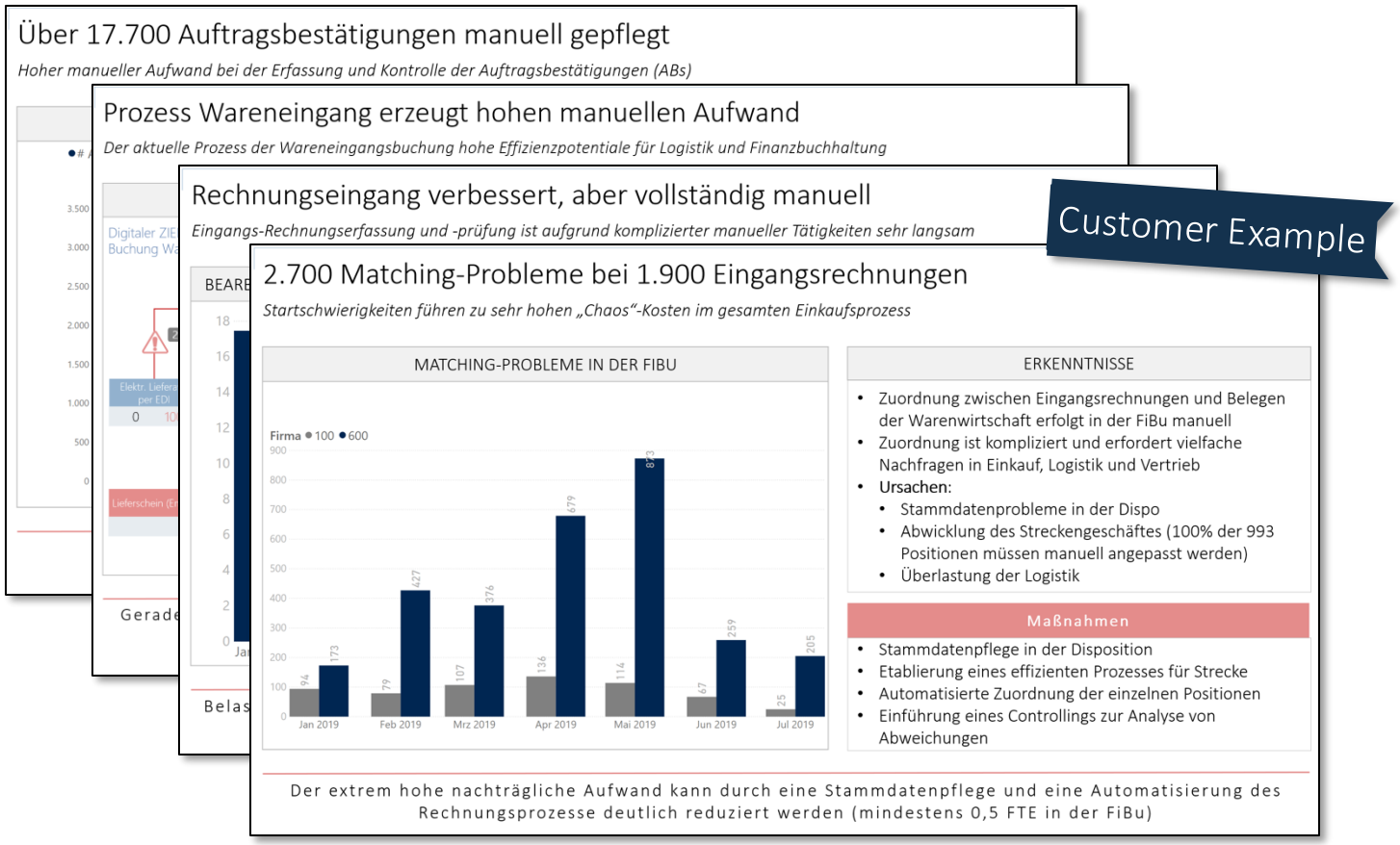
1 week → >3 months

Shift towards supplier management by improved planning processes

- Internal Processes & interfaces
- Input from other processes
- Way of working
- IT & Master data

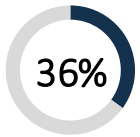
Identification of automation potential for specific measures to reduce process costs

Development of a comprehensive automation program for Purchase-to-Pay (P2P) through process analytics



Customer Example for automation measures in the P2P process based on process analytics results

- in a comprehensive program with over 42 measures to increase automation throughout the whole process
- in detailed measure fact sheet with findings during process analysis and evaluation of potential

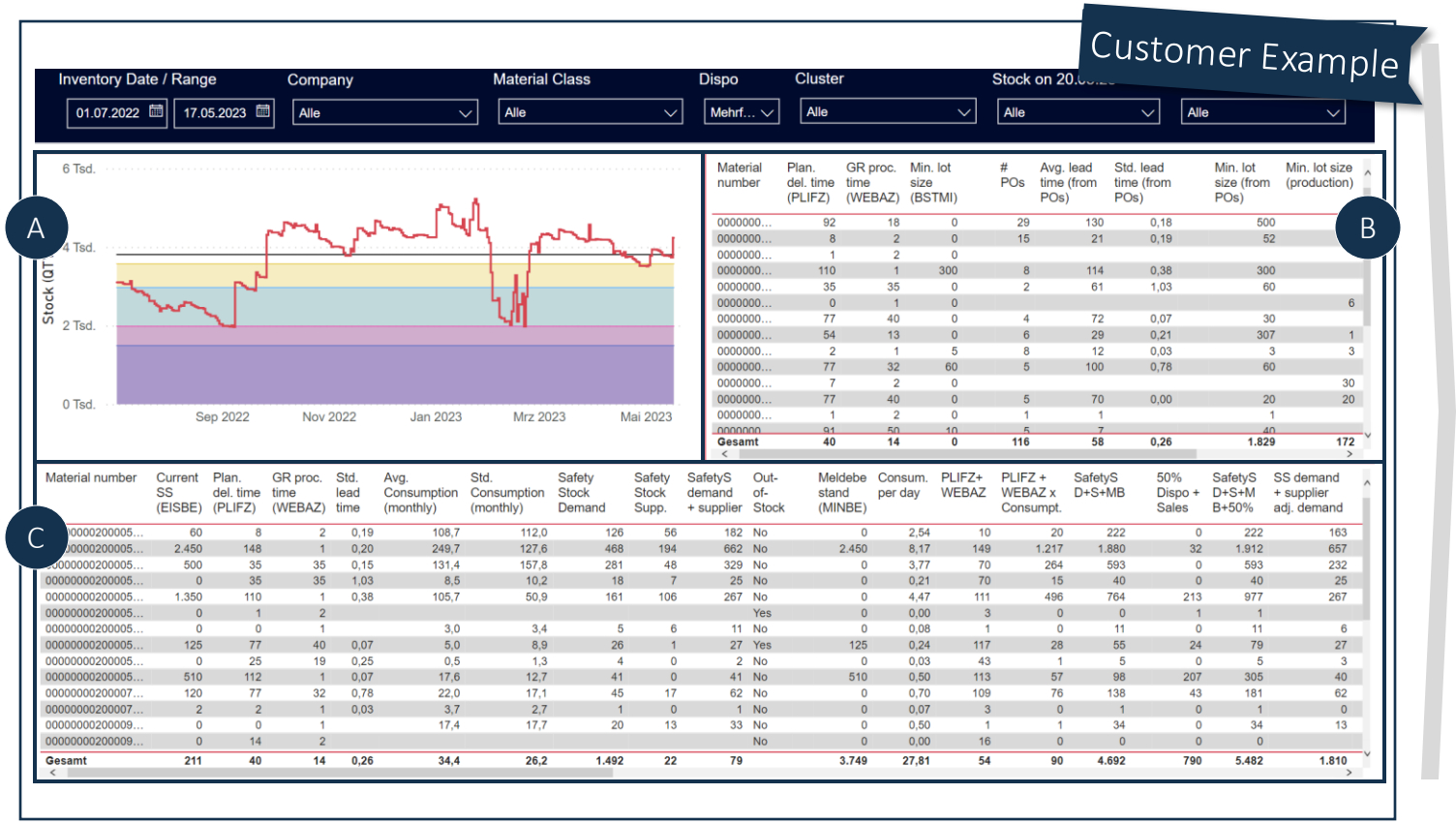


Optimizing the P2P process by leveraging automation potential to **release FTEs**

The set up of an End-to-End automation program for the P2P process had a significant impact on process costs

Adjustment of material parameters for increasing automation in material planning

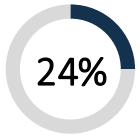
Structured comparison between system parameters and lead times from process analytics



A Daily updated stock levels over the last months with critical stock level for different time periods

B Calculation of various KPIs such as delivery times or minimum order quantities from historical purchasing orders through process analytics

C Current system parameters from live system and additional suggestions for adjustments based on different optimization models



Release of FTE activities within material management

A much higher degree of automation in the Purchase-to-Pay process can be achieved by adjusting the system parameters based on the results form process analytics

Poorly configured ERP systems typically leading to overstocking and stockouts

Selection of inventory-critical ERP parameters

Example: Plant data for material – SAP Master data (MARC)		
Field	Description	Typical problems
MINBE	Reorder point	Too high or too low. Insufficient consideration of delivery times and fluctuations.
EISBE	Safety stock	Safety stock is often not used (but in the reorder point). Too high or too low, leading to stockouts or overstocking. Poor alignment with dynamic delivery times and fluctuations.
BSTMI	Minimum lot size	Lot size mismatched with supplier capabilities, hindering efficient replenishment planning.
DISMM	MRP Type	Inefficient material planning method on multiple materials leading to stockouts or overstocking.
BESKZ	Procurement type	Incorrect procurement classification disrupts automated material planning workflows, causing delays or excess costs. Increasing transparency in reporting.
PLIFZ	Planned delivery time	Inaccurate estimation affects timely order execution and disrupts the material requirements plan. Missing / wrong master data complicates demand planning.
WEBAZ	Goods receipt processing time	Insufficient buffer for goods receipt handling disrupts stock availability and scheduling accuracy.
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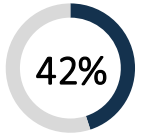
Customer Examples for poor master data and ERP parametrization

- No tools available for correct configuration and maintenance of the parameters
- Low transparency regarding order, consumption and stock history
- No combined inventory and process view to adjust parameters

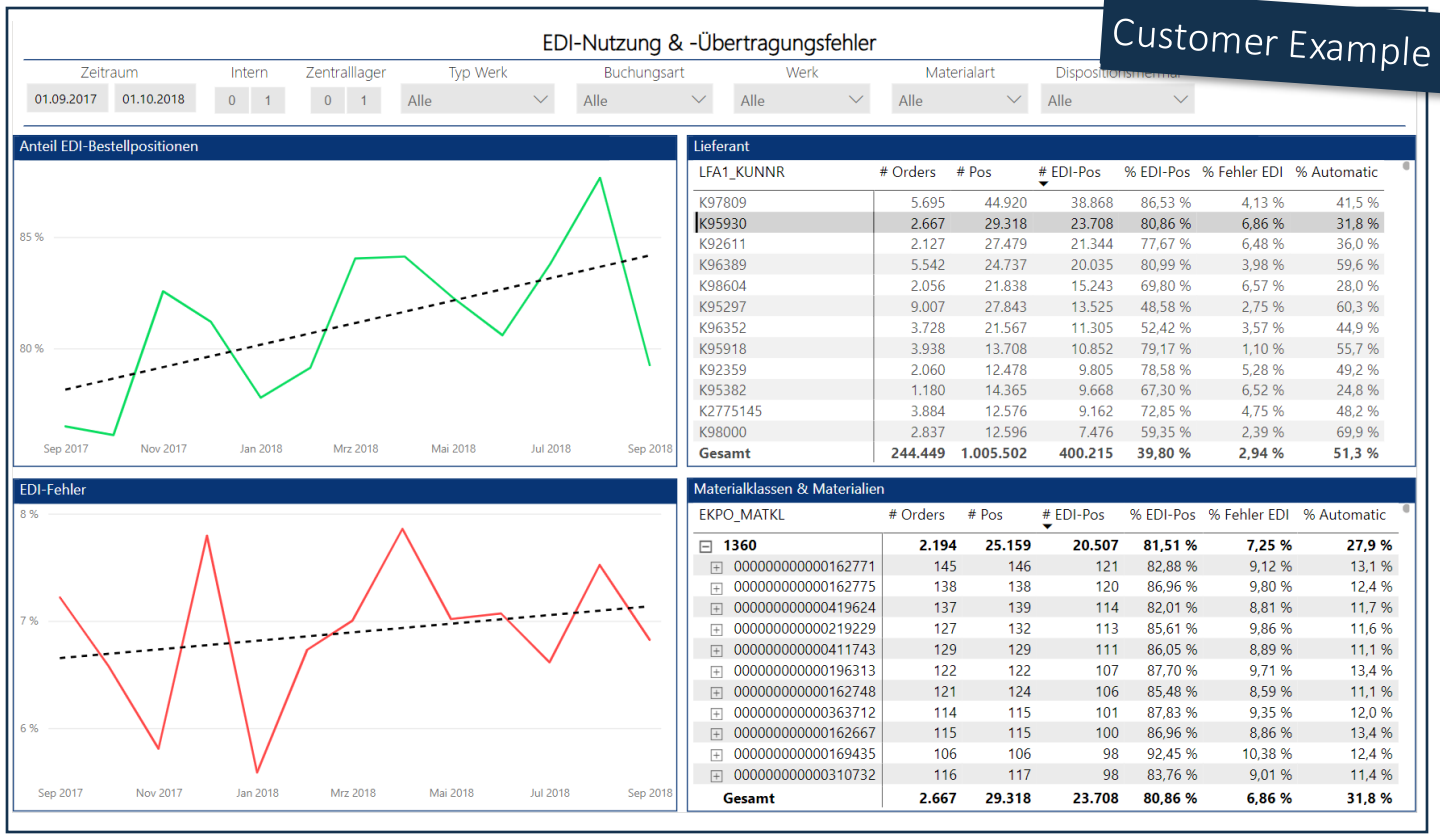


Reduction of stock levels by a decrease of stock-outs

Operational material planners are often not supported by the system or even work against the system, which leads to a lack of transparency and suboptimal purchase behaviours. Data driven solutions are possible

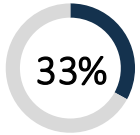
Increasing process efficiency and quality via EDI communication

Identification of target suppliers, interface issues, as well as data problems in EDI communication



Customer Example

- Identification of suppliers for which a switch to EDI would result in high efficiency gains
- Identification of data problems that cause manual ordering, post-processing, etc.
- Real-time identification of errors in the EDI transmission for alerts in the day-to-day business

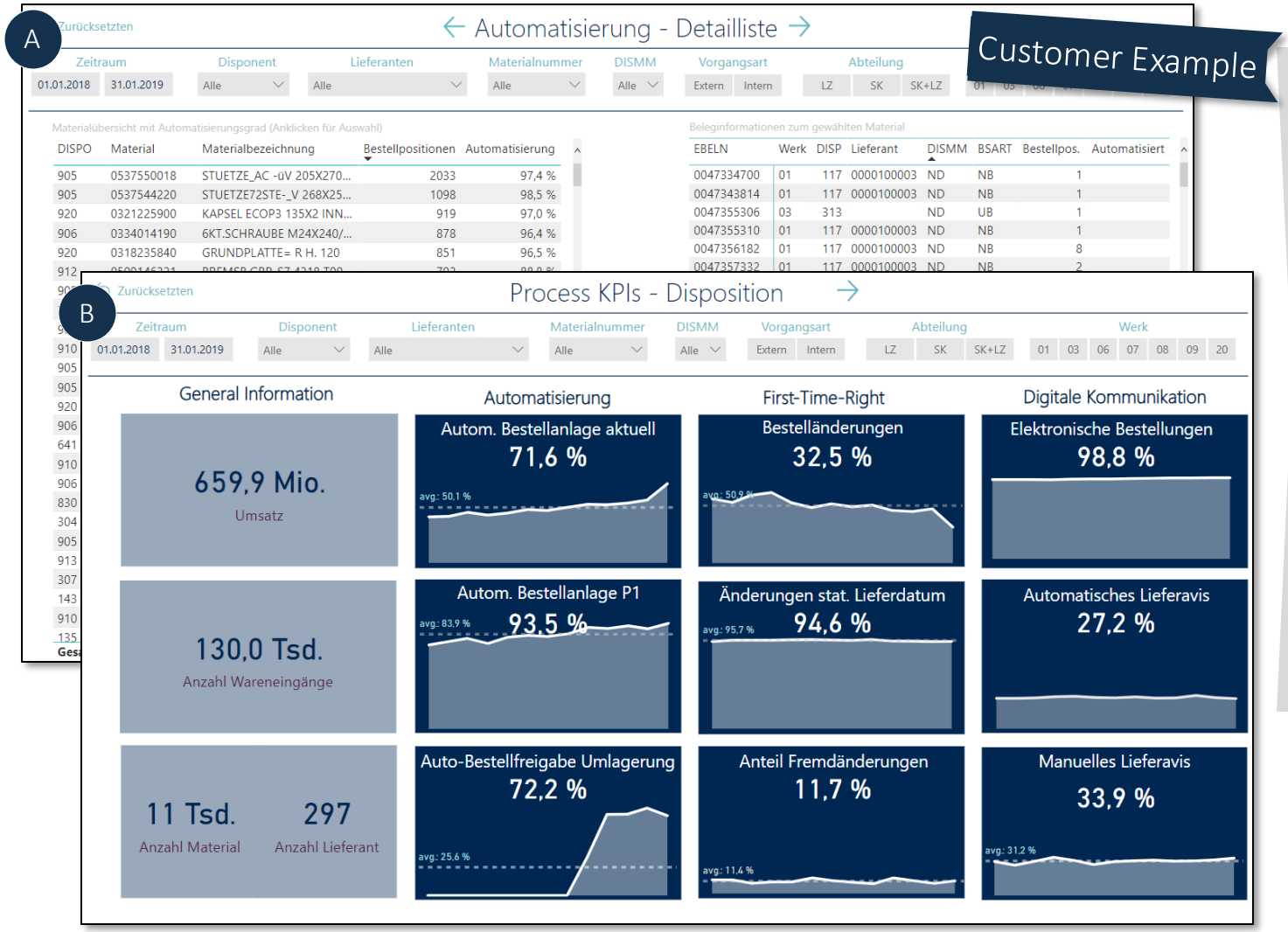


Increase of EDI communication within 6 months resulting in a reduction of 3 FTEs

Transparency about actual EDI communication is the starting point for recognizing issues in real time and permanently increasing the proportion of EDI suppliers for achieving FTE savings

Incorporation of Process KPIs into a modern near-time dashboard solution

Customer example: Purchase-to-Pay-Process KPI dashboards with multiple views on different levels



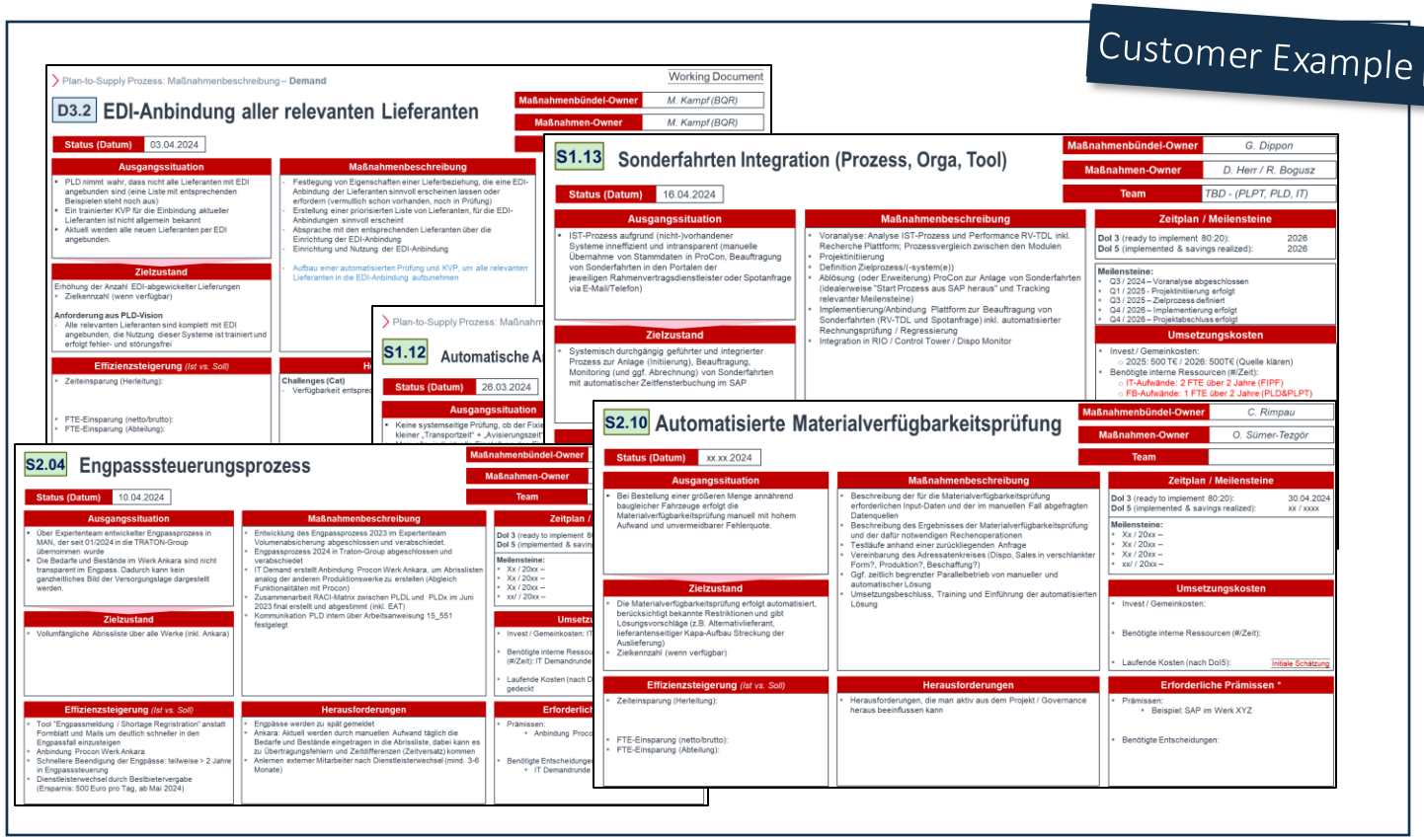
Customer Example for a Process Dashboard with views on different levels

- **A** Comprehensive Top Management view for highly aggregated KPIs in different parts of the Process
- **B** Detailed view on manual efforts per organizational department/ on employee level for each process step

100% **Transparency** in inventory and material management

Implementing detailed measures result in direct and sustainable improvements

Enhancing efficiency and driving down costs in material management practices



- Standardizing and digitizing procurement workflows to speed up approvals & cut processing time
- Refining scheduling agreements with data-driven forecasting for better supply chain stability and cost savings
- Optimizing supplier collaboration for real-time transparency and proactive issue resolution

28% **FTE reduction** in material management through automation and process optimization

A data-driven approach and expert collaboration lead to well-structured, prioritized measures, which are supported by the client organization — taking material management to the next level

Realizing potential from a variety of implementable and specific measures

Project example measures settlement processes

Fields of action are addressed through a broad portfolio of measures

Overview

ADJUSTMENT MASTER DATA

- Update purchase prices materials
- Update of payment conditions in ERP
- Adjustment min. and max. stocks
- Adjustment of stored rounding factors
- Adjustment shipping plants
- Adjustment of replenishment times
- Introduction factory info records
- Parameter adjustments shipping schedules
- Update planned delivery times customers
- Reduction of incoming goods processing time
- Care shipping days
- …

DIGITALIZATION INTERFACES

- Introduction of Web EDI for suppliers
- Establishment of EDI order confirmations
- Connection to EDI invoices
- Optimization of interfaces webshop to ERP
- Expansion of EDI connection customers
- Expansion of use of shipping notifications
- Expansion EDI order transmission
- Establishment of EDI controlling
- Introduction online configurators
- Expansion of email invoicing
- Adjustment delivery date maintenance
- …

CHANGE PROCESS CONTENTS

- Optimization of local stocks
- Consolidation order quantities
- Adaptation of disposition methods
- Expansion of product group planning
- Consolidation of customer orders
- Cross-plant material
- Adaptation of disposition strategy
- Reduction of unnecessary stock transfer
- Optimization of ordering rules for subsidiaries
- Extension of supplier evaluation
- Adjustment of signature regulation
- …

AUTOMATION PROCESS STEPS

- Automatic booking of WEs
- Automation of order approvals
- Recording order confirmations
- Automated creation of loading lists
- Automation Order Full Truckloads
- Order change in case of order changes
- Automatic conversions BANFs
- Automatic ordering according to quotas
- Automatic invoice generation
- Creation of delivery note on the dispatch date
- Partial automation of material master system
- …

PROCESS OPTIMIZATION

- Update discount process
- Adjustment of price maintenance process for special articles
- Elimination of bottlenecks in invoicing
- Prevent orders without BANF
- Systemic support planning process
- Standardization of the returns process
- Relocation of packaging process steps
- Acceleration of goods receipt posting
- …

SYSTEM USAGE OPTIMIZATION

- Automatic assignment of shipping plant
- Automatic route assignment
- Reduction of EDI delivery blocks
- Optimization of article search offer process
- Introduction material availability check
- Introduction of automatic production stops
- Systemic tracking of quota arrangements
- Use of systemic forecasting functions
- …

COMPLEXITY REDUCTION

- Consolidation of unnecessary product variants
- Reduction of the supplier portfolio
- Reduction of processing variants Procurement
- Unification of disposition procedures
- Unification of payment terms for customers
- Simplification of payment terms for suppliers
- Reduction of individual customer processes
- Standardization of return rules
- ….

TRANSPARENCY INCREASE

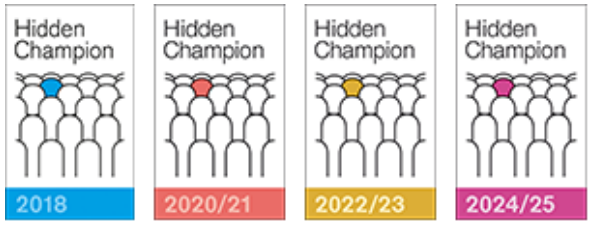
- Building dashboards operational process KPIs
- Price controlling product changes
- Establishment of customer profitability controlling
- Set up incoming invoice controlling
- Introduction of outgoing invoice monitoring
- Establishment of delivery reliability reporting
- Dashboard finished goods for collection
- Development of discount controlling
- …

- Numerous actionable and often **immediately impactful** individual measures
- Combined effects drive sustainable and significant improvements in **P&L** and **Working Capital**
- Shifting Material Planner capacity from reactive 'firefighting' to **strategic, proactive planning**

Horn & Company: Experienced, pragmatic and high implementation competence

Company profile

Positioning	Top-management-consultancy, founded 2008 – i.a. McKinsey, Roland Berger, Droege
Focus	Strategy – **Performance improvement** – Corporate Restructuring – Digital transformation
Industries	Industrial goods – **Automotive/Special Vehicles** – Consumer goods – Process Industries
Clients	Corporate groups, Large SMEs, family businesses
Consultants	**> 250 highly-skilled consultants**, including 45 partners/associate partners
Differentiation	P&L focus – digital/analytics expertise – implementation
Growth	Merger in 2023 with CON MOTO PART OF HORN & COMPANY – addition of extensive SSC and operations experience
Awards	



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1	Horn & Company	427
2	McKinsey & Company	403
3	Boston Consulting Group	394
4	Bain & Company	388
5	Oliver Wyman	383

Your Contacts for Data-driven Purchase-to-Pay Optimization at H&C

Overview and Contact Information

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- M. Sc. Economics, Dr. habil. Management
- 10+ Years of ERP, BI and Process Experience

Karl-Justin Stürmer, MBA
Associate Partner

- B. Sc. Economics, MBA
- 10+ Years in Consulting
- 5+ Year in Supply Chain Mgmt. (Industry)

Ilja Maurer
Manager

- Dipl.-Ing. Mechanical Engineering
- Data Analytics, Process Mining, AI
- 15+ Years in IT and Data-based Optimizations

Areas of Focus

- Process Analytics
- Purchase-to-Pay and Inventories
- S/4HANA Transformation

- Supply Chain E2E Optimization
- Procurement Digitalization
- Working Capital Optimization

- Working Capital Optimization
- Process Automation
- ERP Data Processing

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