

EU PROVIDES REASONS FOR KANBAN



As regulations change in the EU, the need for C-parts management is spreading beyond its base of high demand users through to much smaller customers with lower C-parts requirements as **Thomas Erb** from Ferdinand Gross explains.

Companies with a high demand for screws and other fasteners usually rely on the comprehensive C-parts management of specialised service providers. However, with the new EU regulations, such outsourcing solutions are also becoming relevant for companies with low C-parts requirements.

The idea of not only selling customers screws, but also taking over the entire purchasing and administration process is undoubtedly one of the great success stories in the procurement industry. "When we set up our first Kanban department almost 30 years ago, we were knocking down open doors," says Thomas Erb, Managing Director of C-parts supplier Ferdinand Gross, based near Stuttgart. "Within just two years, over 400 customers had switched to our holistic C-parts management." Cost savings of up to 70%, full focus on the core business, and high supply security were and still are convincing arguments, especially for manufacturing companies with high regular demand for C-parts.

Legal certainty as another argument

But of course there are also companies that prefer to entrust their own purchasing department with researching and qualifying suitable producers instead of placing the entire C-parts procurement in the hands of a full-service partner. These are often companies with smaller volumes, but this should not be an obstacle according to Thomas Erb: "Customers are often surprised that we can also develop efficient and reliable procurement solutions for small companies with few employees thanks to our highly automated processes. But with the increasing legal requirements for sustainability and environmental protection, there is another strong argument in favour of working with a C-Parts specialist. Because we help customers to remain compliant without the administrative costs exploding."

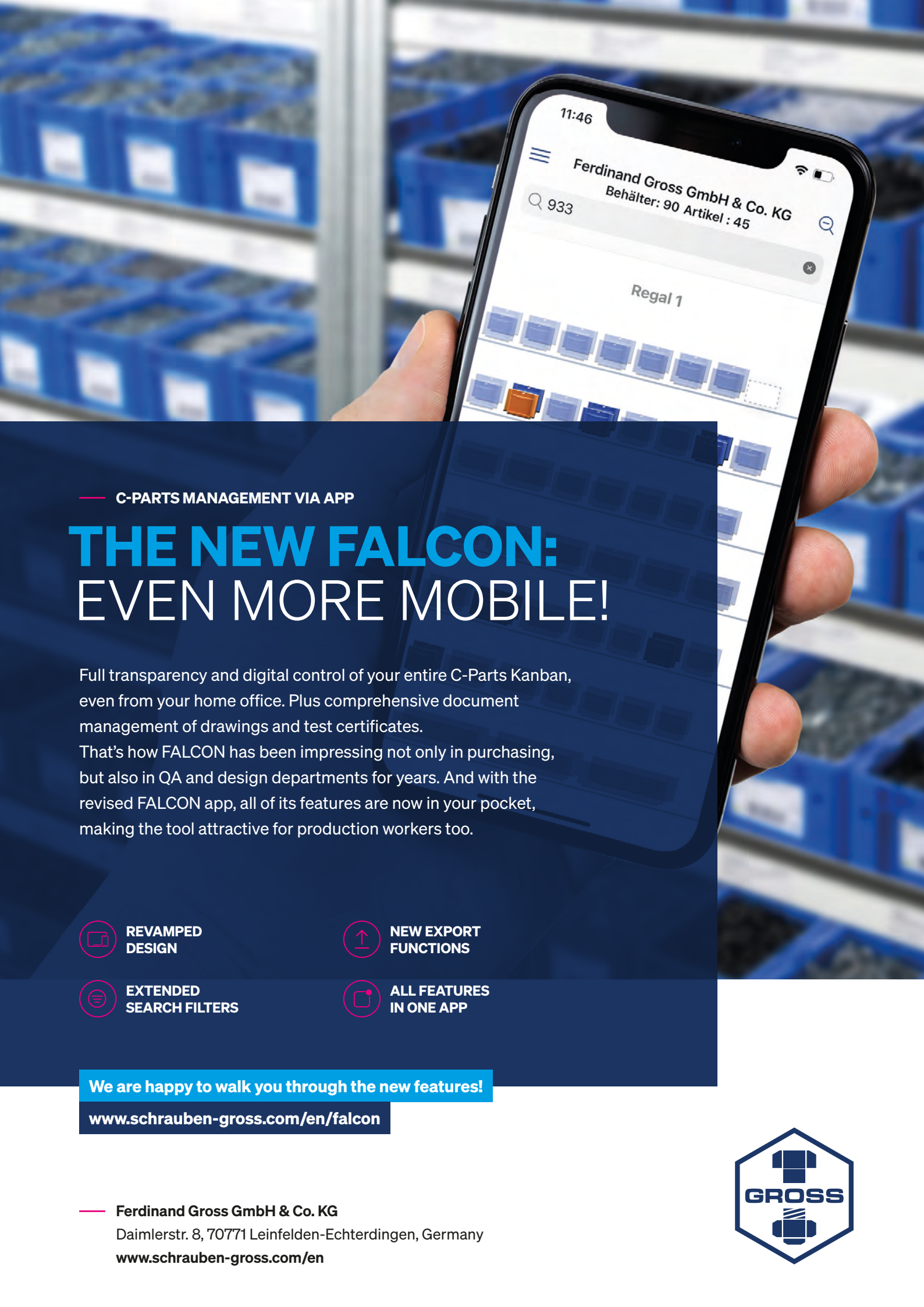
EU Supply Chain Directive and CBAM

Taking the Supply Chain Due Diligence Act (LkSG) as an example: it was passed on the basis of the EU Supply Chain Directive and obliges companies with more than 1,000 employees to comply with human rights and environmental due diligence obligations in their global supply chains. From corruption and discrimination to child labour, there is a wide range of behaviours that should be queried for each supplier and, if possible, even checked on site.

Regarding CBAM (Carbon Border Adjustment Mechanism): The regulation is intended to ensure that imported goods from non-EU countries, particularly energy-intensive products such as steel, aluminium, cement and fertilisers, are subject to a similar CO₂ price as comparable products manufactured in the EU. Many mechanical engineering companies do not even realise that they have to submit a quarterly report for this purpose, which shows the direct and indirect emissions generated in the production process of the imported goods. If you consider the high reporting effort involved, the great advantage of a C-parts service provider becomes obvious: for them, the effort is spread over hundreds of thousands of items and then becomes a negligible amount per order.

Regardless of how you feel about it, the new laws ultimately reinforce a trend that has been apparent for years: "Pure trade is becoming an ever smaller part of our business," concludes Thomas Erb. "We are celebrating our 160th anniversary this year and can call ourselves Germany's oldest screw retailer. But strictly speaking, we have developed into a full-service partner for our customers, procuring parts for them, qualifying suppliers, managing warehouses, making everything digitally controllable with e-Kanban tools such as FALCON and at the same time ensuring maximum supply and legal security."

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