

## Client Case Study

### NACCO Materials Handling Group

NACCO Materials Handling Group (NMHG), one of the world's leading producers of Fork Lift Trucks, designs, manufactures and sells a comprehensive line of lift trucks and aftermarket parts on a global basis under the Hyster and Yale brand names. Lift trucks and component parts are manufactured in the United States, Northern Ireland, Scotland, the Netherlands, China, Italy, Japan, Mexico, the Philippines and Brazil. The Company has a philosophy of continuous improvement.



With purchased components representing such a significant share of product cost, NMHG is actively investigating sourcing opportunities in lower cost countries. In 2000, the Company decided to research possibilities to source high quality, lower priced forgings, castings and welded steel fabrications from Central Europe. NMHG turned to Alpha for this initial research. A number of potentially suitable suppliers were identified in the Czech Republic.



Alpha followed up on this initial research to help NMHG, in a number of ways, to achieve their sourcing goals with two key suppliers as follows:

- Evaluating the technical, commercial and managerial competence of potential suppliers
- Negotiating based on a 'target price - delivered' concept, supported by know-how transfer
- Arranging the production of fixtures and patterns by the selected suppliers
- Arranging production trials and quality checks/approvals
- Preparing on-going performance monitoring and reporting procedures
- Carrying out regular checks on supplier performance
- Liaising between NMHG Purchasing, Engineering, Production and Suppliers
- Providing the translation, interpretation, administration needs of the project

In the spring of 2003, NMHG decided to increase the volume of components sourced from the Czech Republic from existing and new suppliers.

Key factors in NMHG's success in this project are the Engineering support and technology and knowledge transfers from NMHG allied to the lower labour costs and available, good quality manufacturing capacity in Czech Republic, the ease of transportation of components to NMHG sites and the support provided by Alpha .

For details of NMHG and its parent company NACCO, see [www.nacco.com](http://www.nacco.com)

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