

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Diploma Thesis

**Foreign trade of the Czech Republic - Case study of
import parts and components from Asia to Škoda Auto**

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Souhrn

Tato diplomová práce se zabývá sestavením procesu získávání nových dodavatelů asijského trhu pro firmu ŠKODA Auto a.s. Celý proces se skládá ze 4 hlavních kroků, jejichž součástí je vyhotovení standardizovaných požadavků, které jsou kladeny na nové dodavatele ze strany ŠKODA Auto. Ačkoliv mi bylo během mého praktikantského pobytu na oddělení nákupu umožněno aplikovat některé kroky do praxe, tato práce je psána jako teoretický návrh pro budoucí komunikaci a spolupráci s potenciálními asijskými dodavateli. Odhadovaná doba na splnění jednotlivých kroků standardizovaného procesu je jeden rok. Po úspěšném absolvování všech stupňů bude dodavateli umožněno stát se stálým dodavatelem dílů nebo komponentů potřebných k výrobě automobilů značky ŠKODA.

Práce obsahuje také návrh na vytvoření databáze kontaktovaných firem sloužící jako přehled a kontrolu, v jaké fázi procesu se daný dodavatel nachází. Obsah této práce by měl po zavedení do praxe usnadnit práci nákupčím firmy ŠKODA Auto a zefektivnit komunikaci s potenciálními asijskými dodavateli.

Klíčová slova: mezinárodní obchod, C3 Sourcing, ŠKODA Auto, Asijský trh

1 Objectives

The objective of the theoretical part of the thesis is to introduce the actual situation of the automotive industry in the Czech Republic followed by the description of the foreign trade, its significance and conditions, which are connected with making a business with foreign suppliers.

The main aim of the practical part is to conduct a methodology for cooperation with potential suppliers from the Asian market. The methodology is drawn up for the company ŠKODA Auto a.s. The first part of the process is dedicated to the possible ways of finding new suppliers of the mentioned market. The most important part is to compile all requirements for new suppliers that must be fulfilled for the successful cooperation. Suggestion of criteria for evaluation of the suppliers is an inseparable part of the process.

Using the outcome of this thesis in the company ŠKODA Auto, the efficiency of the purchasing department should increase when meeting a potential Asian supplier and reduce workload.

2 Methodology

Comparative and descriptive methods will be used in the thesis. The theoretical knowledge and data will be gain from the literature, electronic sources and intern sources of the company ŠKODA Auto a.s. The cooperation with the department of Procurement Investment, Production of cars ŠKODA Auto and consultations with the specialists in the field of trade enable me to look into the practical process when communicating and trading with suppliers. This knowledge will be used in the practical part of the thesis.

The actual situation of the selected Asian countries will be described using PEST analysis. The part of the thesis will be a creation of a flow chart for the whole process of starting a business with Asian suppliers. The gained data will be analytically elaborated and the outcome will be a suggestion of a standardized process of getting Asian suppliers.

3 Results and recommendations

With the aim to cut costs, there is a trend to move production into Asian countries or have an Asian producer of supplied goods. Even ŠKODA Auto a.s. would like to extend its database of Asian suppliers. They already have had experience with the Asian manufacturers. They have regular Asian suppliers with the product quality comparable to the European one. However, the success rate of acquisition of new Asian supplier is low. Due to the different mentality, it is needed to prepare a different way of sharing the requirements which remains the same as for the European suppliers. Therefore, I was working on a first written proposal of the process of getting new suppliers for ŠKODA Auto during my internship at the purchase department. Afterwards, it will be handed over to the purchasing department for applying the whole process into practise and to develop the project according the actual situation. Employees of purchasing department will make the potential changes in the process structure professionally. It derives from working experience in the stated area and verification of the model in practise.

ŠKODA Auto's requirements are summarized in the standardized process of the thesis. The individual steps will be shared with the potential suppliers in written form in order to control and manage their own movements. I recommend requiring feedback from the producers in the way of sending updates when finished a particular level. One of the steps is filling a questionnaire to obtain general information about a particular manufacturer. When it comes to evaluation, in my opinion, it should be done by the department, which would work with the company. There should be a person who would deal with it professionally in order to estimate if the company would be acceptable for furthering with the process. However, the real potential can be found only when reaching other stages of process. What matters the most is the quality of the products which will be testing in the technical evaluation.

During my internship, I contacted three companies from three different countries to check their response out. For the purpose of the diploma thesis, I chose a company from South Korea by reason of having more experience with them in the whole process.

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