



***Web-based Initiatives at
Harley-Davidson
Support Supplier Relationships***

Dave Cotteleer

***Manager - Planning & Control
Materials Management Group
Harley-Davidson Motor Co.***



Agenda

- Materials Management at H-D
- Supplier Relationships at H-D
- Application of Technology
- Web Site Demo



***We want to talk about technology,
but first a little side trip.....***



- We Believe....
 - Automating bad process gets you lousy results faster
 - The best Process can't overcome a bad Relationship
 - Good Relationships require clearly articulated and shared Vision



In order to generate sustainable results we needed to ensure the alignment of...

- People
- Process
- Organization
- Supply Base

All before we even thought about new technology

Materials Management At H-D

“Getting Our House in Order”



Yesterday (circa 1994-95)

- 9 different Purchasing Departments
- 4,500 suppliers (1,000 OE; 3,500 MRO)
- No Product Development Presence
- Uncommon Processes, Goals, Expectations
 - Site by Site
 - Transaction by Transaction
- No Strategic Focus - Parts/Pieces Mentality
- Year over Year Price Increases
- No Leadership Presence

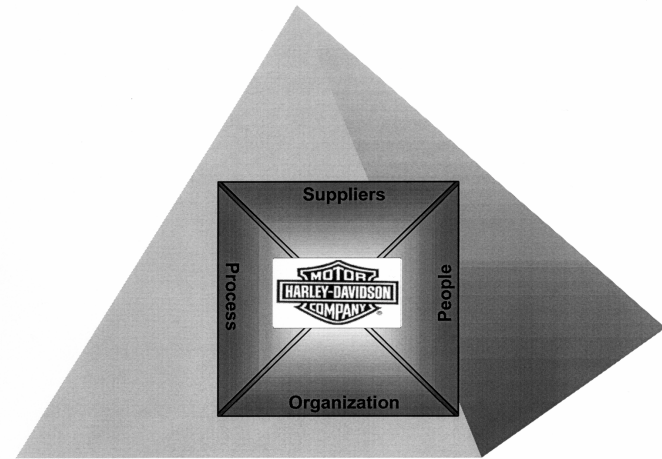


How many of you have been
in this place?



Materials Management Strategy

- Crafted in 1996
- Articulated the Vision
- Set internal expectations
- Defined supplier relationship expectations



Materials Management Strategy

Version 4: October, 1999



The Vision

- One Function - Enterprise Wide
- One Strategy - Enterprise Wide
- 70 Suppliers Contributing 85% OE
- 3 Suppliers Contributing 85% MRO
- Equal Player in Product Development Process
- Common Processes
- Deflation not Inflation
- 70% - 80% Content Contribution



The Vision

- Leadership Presence:
 - Leadership & Strategy Council
 - Produce Products Group
 - Product Planning Committee
 - Quality & Reliability Leadership
 - Functional Leadership Group
- Strong Supplier Relationships:
 - Trust Based
 - Performance Based
 - Mutually Beneficial
- Leverage Enabling Technology

Supplier Relationships At H-D

“Building Trust”



Relationship Commitment

“Preservation of existing supplier relationships is a first priority of the Materials Management Strategy based on demonstrated performance in the areas of quality, cost, timing and technology and the commitment to the future continuous improvement of the same.”

- H-D Materials Management Strategy



1999 Annual Report

Step toward

Harley-Davidson's mission to fulfill dreams extends beyond our customers to all of our stakeholder groups, and it is our goal to create mutually beneficial relationships with each of them.

Employees. By empowering our employees and working in a Partnering relationship with our unions, all our employees are able to pursue their career goals, and the Company benefits from the full talents and contributions of each of our people.

Society. Collaborating with our neighbors to revitalize the areas around our facilities, or supporting schools in our business communities, helps dreams come true for those who live where we work.

Government. Working with governments and international bodies to expand trade and harmonize world standards contributes to economic development at home and abroad and to the creation of responsible regulations.

Suppliers. Our suppliers are an extension of our design and manufacturing capabilities. These relationships allow us to deliver higher quality, cost-competitive products to the marketplace. Our collaborative approach unites our supply base and allows both Harley-Davidson and the supplier to plan and invest confidently in the future.

Investors. The capital infusion generated by Harley-Davidson's initial public offering in 1986 has enabled the Company to deliver 14 consecutive years of record performance and made many of our shareholders' investment dreams come true.



1999 Annual Report

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Harley-Davidson Supplier Relationships

Yesterday

- Contractual
- Produce to Order
- Vendor Mentality
- Arm's Length
- Negotiations - Win/Lose
- Sales Representative
- Reactive
- Parts & Pieces

VS

Today

- Master Supply Agreements
- Top 70 Visits
- Business Planning Meetings
- Strategic Conferencing
- Residencies
- Advisory Council
- Indirect Materials Alliance (HIMA)



***Are we ever going to talk about
the Web!***

What is your point?!



The Point Is.....

- At H-D we spent nearly four years:
 - Creating, communicating and institutionalizing the Vision
 - Developing our Organization and People
 - Defining our Processes
 - Building Trust with our Supply Base
- All before we began implementing “new” technology



Web Based Initiatives within the Supply Chain



The Approach

- Team Established
 - 5 dedicated FTE's from Materials Mgt.
 - 2 dedicated FTE's from I/T
 - 1 external systems analyst
 - 0 external consulting resources
- Also utilized 8 “advisory/pilot” resources from suppliers on a part time basis

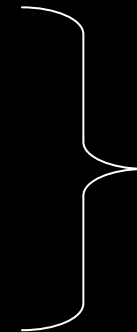


The Approach

- Team Process

- Definition and Planning

- Determined Scope
 - Assessed As-Is
 - Defined To-Be



***Approx.
7 Months***

- Selected Technology

3 Months

- Deployed Pilot Site

6 Months

- Implementation

6 Months



The Deliverables

Collaborative Design & Development

- Request for Quotation: Supplier reply & track status
- **Publish Drawings**
- Drawing Exchange Link
- New Products Build Schedules & Forecasted Volumes
- General Engineering & other Specifications
- Production Part Approval Process (PPAP) Submission by Supplier & Track Status

Collaborative Requirements Planning

- Joint Schedule Review and Modifications (Supplier Collaboration)
- View Year 2010 Forecasted Volumes
- (Report) Supplier Capacity
- Shipping Schedule Acceptance

Order & Inventory Visibility

- Invoice & Payment Viewing
- Planning Schedule
- *Shipping Schedule*
- *Advance Ship Notice*
- *Receipt Tracking*
- Carrier Shipment Status
- Purchase Order Agreement
- Order History Tracking
- Invoice & Payment Electronic Submission
- **View Inventory**

Supplier Performance

- *Supplier Performance Expectations*
- *Supplier Performance Reporting*
- Non-Conforming Material (NCM) Reporting
- Corrective Action Reporting (CAR's)
- Supplier Status Tracking
- Supplier (Systems) Evaluations

Contact Management

- Supplier & Harley-Davidson Contacts: View only on HDSN
- Supplier & Harley-Davidson Contacts: Request for update
- Supplier & Harley-Davidson Contacts: Interactive maintenance within HDSN
- Replace SAM
- Mass Mailing Capabilities

Misc Functionality & Info

- DBWHD Manual
- Supplier Diversity
- EDI Specs & FAQ's
- Packaging Specs
- Transportation Routing Guide
- Calendars
- Links to AIAG, HD...
- *Misc. H-D Forms*
- Events Registration
- New Supplier Profiles
- SAC Information
- Training Opportunities
- BP Meeting Doc's
- MSA's
- Top 70 Information

Red underlined indicates current functionality. *Yellow italics indicates functionality goals for 2001*



The Deliverables



www.H-DSN.com



The Deliverables

Enough Talk, Let's See the Stuff!

