

## Methode Electronics expands business markets efficiently and effectively.

Overview
<p><b>Business challenge</b></p> <p>Methode Electronics, which has a strong presence in North America and Asia, wanted to expand its business in Europe. Methode decided to focus on low cost expansion opportunities in Eastern Europe, but its lack of experience there threatened to delay the expansion. Methode sought outside expertise in finding appropriate manufacturers to expand its operations into Europe.</p>
<p><b>Solution</b></p> <p>Methode chose IBM Global Business Services to help identify opportunities for its manufacturing expansion within Eastern Europe. Together, IBM and Methode conducted joint visits to the highest ranked companies, allowing Methode to directly choose the companies for its new manufacturing operations.</p>
<p><b>Benefits</b></p> <ul style="list-style-type: none"> <li>• Evaluation process took weeks instead of months, enabling rapid expansion into a new market</li> <li>• IBM regional experience and proven auditing methods narrowed the field to only the best candidates, from which Methode was able to choose</li> </ul>
<p><b>Industry</b></p> <ul style="list-style-type: none"> <li>• Electronics</li> </ul>



### Challenge

Methode Electronics, which has a strong presence in North America and Asia, wanted to expand its business in Europe in order to better serve and fulfill growing European market requirements. Cost pressures are a key factor for Methode, which must constantly compete more effectively with low-cost manufacturers, particularly those from Asia. Therefore, Methode decided to focus on low cost expansion opportunities in Eastern Europe with the goal of lowering costs and maintaining or improving its margins.

Methode has built strong supply chain networks with existing sourcing channels in the countries in which it already operates, but the company had no experience in Eastern Europe, where it was planning to expand. The lack of experience and connections within Eastern Europe threatened to delay the expansion, as well as adding significant costs to the effort. Methode chose its busbars (sheetmetal products) as the first product to be produced in eastern Europe, and sought outside expertise in finding appropriate manufacturers to expand its operations into Europe.

### Solution

Methode chose IBM Global Business Services to help identify opportunities for its busbar manufacturing expansion within Eastern Europe. IBM provided Methode with the required information and due diligence on potential companies in Eastern Europe, and selected several companies in Romania and Bulgaria for Methode's review. IBM used its own extensive supply chain knowledge of manufacturing companies in Eastern Europe to identify potential manufacturers, and visited and audited companies to generate a ranking of the most capable companies. Methode was then able to select potential companies to work with based on IBM's recommendations. Together, IBM and Methode conducted joint visits to the highest ranked companies, allowing Methode to directly choose the companies for its new manufacturing operations.

### Benefits

Methode Electronics is now positioned to enter the European market, which it had not previously served. IBM's expertise helped Methode save time and resources in its search for manufacturing companies for its European expansion. The evaluation process took weeks, instead of months, and saved Methode the time and expense of numerous trips from the US to Europe. IBM's proven auditing process was critical in evaluating and ranking companies, in order to narrow down the field that Methode ultimately visited.



## Why it matters

When manufacturing company Methode Electronics wanted to enter the European market to capitalize on growing revenue opportunities there, it knew it needed a manufacturing base in Europe. However, its lack of experience and contacts in Europe threatened to slow or stymie its expansion. When it called on IBM Global Business Services to help it identify companies to manufacture one line of its products, Methode was able to save months of evaluation time and travel. IBM's own supply chain network and long-time experience in Europe served Methode well, and IBM's proven audit process ultimately narrowed down the field of candidates from which it chose. Methode is now well-positioned to expand its business into a new market, where it previously had no manufacturing presence or supply chain network.

*“Without the IBM effort, deciding how and where to expand would have taken three times as long, and cost a great deal more.”*

—Comment from Methode project participant

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