



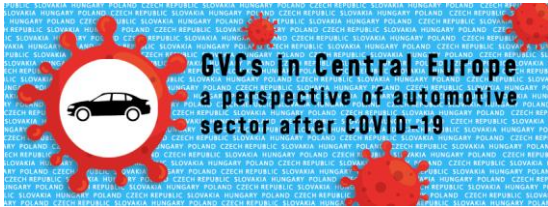
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SCHWARZMÜLLER VEHICLE CONSTRUCTION AND TRADING LTD HUNGARY

A case study by Gabor Túry

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The Germany-based Schwarzmüller group founded its first ‘eastern’ trading company in Hungary in 1989. This was followed in 1993 by the construction of a manufacturing plant in Dunaharaszti. In the period since 1993, as a result of several stages of development, the company has become a vehicle factory covering the entire production process and a strategic producer of its group of companies. Currently, the Hungarian factory is the largest in the group (there is also one production plant in Czechia and another in Germany). Here, flatbed semi-trailers are mainly produced for long-distance freight transport.

The company has more than 600 employees, almost 400 of them in the production unit (assembly). The company has peace production (i.e. not a mass production), with significant consumption of raw materials and labour-intensive input. As a result, the most significant costs and expenses are material ones. The materials are mostly sourced from EU countries (Austria, Germany, Czechia) and to a lesser extent from Hungarian suppliers. The company’s procurement system is centralized, the parent company provides the raw materials, parts and components needed for production through long-term contracts.

In 2020, due to increasing market competition, economic difficulties and due to the Covid-19 pandemic, the company’s sales volume decreased compared to previous years. According to the financial report for 2020, revenue is 9.4% lower than in 2019. In 2020, the sales revenue of the productive activity accounted for 96 percent of the total revenue. The company produces largely for export, with export sales accounting for nearly 70 percent. The main markets are Austria, Germany and Poland.

During the pandemic, the company’s most serious problem was the shortage of raw materials (steel), supply chains came to a standstill, which significantly jeopardized the production. Procurement was centralized, therefore the Hungarian subsidiary did not have the opportunity to look for alternative (multi source) sources of procurement. In the case of steel products, demand is dominated by China and the US, therefore supplies to other countries are pushed into the background. To prevent supply chain disruptions, the company does not have the ability to stockpile / accumulate. This would require a storage capacity that is not available to the company.

