



TOGETHER
for a sustainable future

OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.



TOGETHER
for a sustainable future

DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org



D 00216



United Nations Industrial Development Organization
Institution for Economic Co-operation and Development -
Technical Centre

Distr.
LIMITED

ID/NO. 41/10
CD/PCE(69)15

20 November 1969

ENGLISH

Expert Group Meeting on the Role and Promotion
of Subcontracting in Industrial Development
Paris, France, 6-11 October 1969

WIDENING THE BASIC ACTIVITIES OF A
SUB-CONTRACTING CLEARING-HOUSE 1/

by

C. Guay
Director

Bourse de Sous-Traitance de l'Est
(Eastern Region Sub-contracting Clearing-House)
Nancy, France

1/ The views and opinions expressed in this paper are those of the author
and do not necessarily reflect the views of the secretariat of UNIDO.
This document has been reproduced without formal editing.

14.CD-5977

We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche.

WIDENING THE BASIC ACTIVITIES OF
A SUB-CONTRACTING CLEARING-HOUSE

The experience gained over more than eight years by the *Chambre de Sous-Traitance de l'Est* (Eastern Region Sub-contracting Clearing-House) and its uninterrupted development of its activities bear witness to the soundness of its basic principles, the pertinency of its methods and the need which it now fills in the regional economy which it serves.

Without dwelling here on our working definitions which meet an undeniable need, we must however, explain what we understand by sub-contracting and the specific ideas and activities which flow from it, all designed to help the regional economy.

In our estimation sub-contracting is the action of bringing together a firm with a problem and another firm which has the means. This puts it in a nutshell but gives no hint of many of the elements of our work and our role.

We should like to take this opportunity to proclaim once again that a sub-contracting clearing-house can never be replaced by a computer, by some of dinosaurs, or by promoting enterprises which profess to be "sub-contractors".

Whatever perfection may be achieved in these three fields - men are by no means exempt - there will always be breakdowns, late deliveries, strikes, shortages of every kind, obstacles of all kinds, unforeseen contingencies, unavoidable slow-downs, - in short, there will always be a host of reasons why all firms, large or small, sooner or later, will have to ask:

Who can do what?
How soon...?

It is the need to find a reply to these two questions which leads to the setting up and organisation of a permanent service, and that is what we mean when we speak of Sub-Contracting Clearing-House.

In addition to the stark figures of production hours offered and required or turnover handled and problems solved, finding an answer to these questions involves a whole spectrum of information - always quantitative but which nevertheless has enormous potential value in furthering the development of regional economies.

It is in this way, starting from the concrete and practical point of putting a firm placing an order in touch with a sub-contractor. For whatever reason, the Sub-Contracting Clearing-House, as a live organism, is inevitably led to undertake all sorts of wider activities.

The many and close contacts we make and the relaxed atmosphere in which they can be made, since the Clearing-House is not just another middle-way in the commercial sense of the term, give us access to a mass of information which it would be unpardonable to ignore. Thus, in the course of our daily activities, the shortcomings and surplus facilities of a given geographical sector can, directly or indirectly, be very quickly detected.

It is obvious that information of this kind is extremely valuable for anyone considering or on the point of investing and for anyone who might be called upon to guarantee the loans necessary for such investment.

It is easy to see, in any case, the importance and the scope of information of this kind. If, in addition, it is collated with the motives for launching an investment project, the role of the clearing-house may be even more extensive, and may lead on to manufacturing agreements, specialisations, conventions, mergers etc.

For instance, when it is found by analysis shows that the average age of the machinery in a particular category is over 20 years, it is not difficult to imagine all the consequences that this can have as regards quality, and the technicalities of manufacture, as well as vocational training.

This explains why certain technical schools turnout various categories of highly skilled workers who, after completing their studies, cannot find employment because the jobs simply do not exist. Conversely, it also explains why certain factories which have kept up-to-date cannot find the workers to operate their machines, because the training schools hardly ever have the most advanced technical models for training purposes.

To quote a specific case: some time ago we reviewed the current prices charged in certain fields of engineering. We found that they were far from uniform, and varied, in fact, by a ratio of one to five by making further checks and keeping an eye open we eventually discovered that in the firms responsible for these disparities in price, the time study engineers, though perfectly conscientious, had never been scientifically trained to do their work. They had come up a certain way and been trained "on the job" by foremen or managers who themselves had never received any scientific training in time and motion study.

On the basis of this finding, we initiated refresher courses along very well-defined lines with the assistance of experts from the Bureau des Travaux Élémentaires and all the time study engineers involved were able to take the essential training except a few whose basic skills were in any event inadequate.

An example of this kind clearly shows that the Sub-Contracting Clearing-House has progressed far beyond the role it may have been ascribed at first sight.

Of course, once this first experiment was under way, the Clearing-House gave place to the regional authorities in charge of specialised training. It merely served to spot weaknesses, but it took advantage of the occasion to demonstrate a need- obviously as its authority requires greater weight, it will not in future have to take such initiatives itself, and it will be sufficient for it to approach the relevant authorities straight away.

This is so manifest that our golden rule has been not to try to take over the work of others but, on the contrary, to act as a link between all parties so that they may be confronted with the real problems, which might be very difficult for them in practice but which is a straight forward matter for the Clearing House because it is a permanent body, run on very practical lines and dealing with all problems arising in firms of any kind.

It is quite evident that the services of the Clearing-House are primarily designed for the small and medium-size enterprises.

There are many other examples of what we may call the enlarged activities of the Clearing-House, business assistance to specialised regional bodies in the installation of new enterprises, through the contribution we can make at technical level of all kinds of background data for these enterprises.

This is how we have come to work out a veritable introductory method for grouping small and medium-size enterprises. This method, which is quite original, is based on the working principles and methods of the Clearing-house and, essentially, on technical and general structural considerations.

A number of experiments along these lines have been made and the role of the Clearing-house has been greatly appreciated and very effective. In view of all the difficulties of approach in assembling the various manufacturers who should be induced by economic laws to group together, it is worth emphasizing the indirect role that a Clearing-house can have in this respect.

We have set up a technical and information data service, on the principle that each small and medium-size enterprise could not alone and in isolation establish its own documentation service and, that the problems of these firms were often similar, if not identical, and that once we had carried out a study for one of them this survey could be made available to others, provided of course, that it contained nothing confidential.

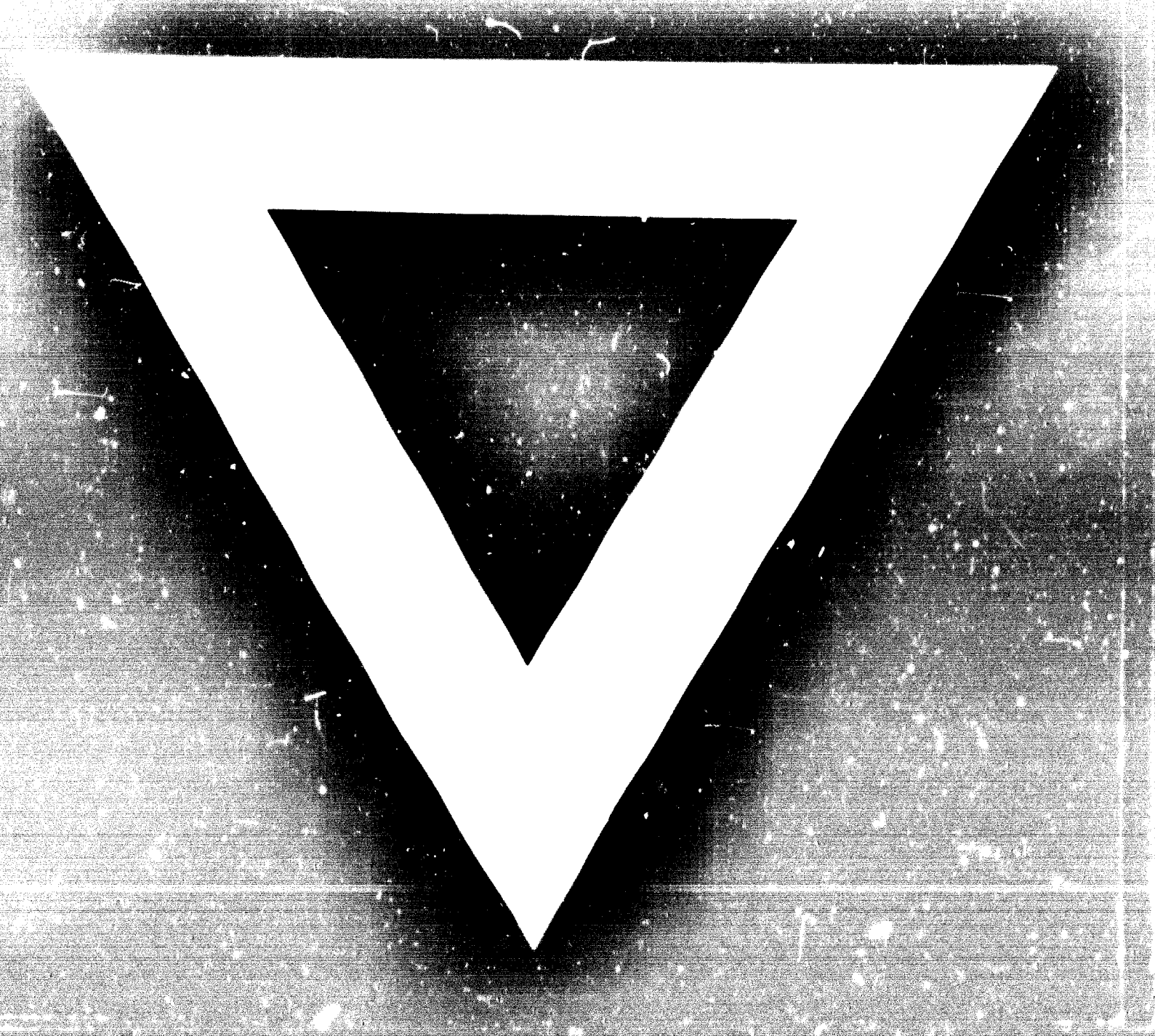
For instance, to provide the addresses of particular suppliers, equipment manufacturers, importers etc. scarcely ranks as imparting trade secrets.

They may however, in certain cases be of particular significance for many small businesses. By instilling the simple reflex of applying to the Clearing-House for this kind of information, we are doing them a big service and are ourselves taking a step forward towards better knowledge of the shortcomings and therefore of what needs to be done in order to make these firms more and more efficient and therefore more and more competitive.

The many contacts we have formed through sub-contracting with all the other refinements which we have attempted to indicate briefly, open up all sorts of other possibilities of action for promoting enterprises and thus for the economic development of the regions concerned.

If we had to sum up in a few words the one role of a Sub-Contracting Clearing-House, we would say that in addition to bringing together firms wishing to place order and those offering their services, or vice versa, the Clearing-House is a means of detecting shortcomings of all sorts and of infusing new ideas for stimulating and promoting all the firms and bodies with which it may be in contact.





6 . 4 . 72