



Supply Chain Competitive Analysis

Project Overview

A multi-billion dollar, global manufacturer was experiencing pricing pressures in foreign markets and product sales starting to erode. A competitor aggressively targeted specific global regions, and prices were as low as 30% cheaper. The client wanted to understand the competitor's value chain and obtain a proper assessment of the competitor's product cost. CGN Global (CGN) worked to better understand the competitor's sourcing & collaboration strategies, as well as benchmark the client's current standards. After understanding key operational differences CGN worked with the client to drive improvement actions to strategically compete and become the Lowest Cost Producer (LCP) on a global scale.

Business Objectives

CGN Global's objective was to identify the "manufacture footprint" of the competitor. This includes the competitor's make/buy strategy and their in-house capabilities, along with identifying the competitor's key suppliers, global footprint and production capabilities. CGN looked to better understand the competitor's collaboration practices with their suppliers and how these relationships were leveraged to improve business results.

Business Challenges

- Specific supply chain information was difficult to obtain
- Competitor's in-house manufacturing capabilities were unknown
- Suppliers' manufacturing streams were unknown
- Competitor's product costs were unknown
- Competitor's product had different engineering designs which lead to broader unknowns

CGN Global Approach

Previous research gathered on global suppliers and publicized technical reports on the competitor were leveraged to form a solid base for supply chain expansion. With potential suppliers & internal manufacturing capabilities identified, CGN worked alongside the client's project teams to map out the competitor's value stream. System market experts were included in developing manufacturing scenarios and possible suppliers for respective parts. Face to face interviews were conducted with suppliers in both domestic and foreign markets to better understand the landscape and other suppliers who may be influencing the development of the competitor's product. Throughout the process, CGN defined specific confidence levels to all findings, so that accuracy of results could be quantified.

Business Results

- More than 70 suppliers were identified, with over 20 having a major impact on the competitor's product cost
- Over 70% of supplier's were less than 500 miles from competitor's plant
- Competitor's payment terms to suppliers are 33% quicker
- Distinguished key differentiators is the competitor's supplier collaboration, transportation, and configuration strategies
- Identified competitor's manufacturing capabilities & key differences in manufacturing streams

Our Expertise

The competitive analysis methodology used at CGN Global establishes client approved landscaped benchmarks that lay the foundation for a strategic roadmap. We deploy our team of analytically thinkers and leverage our global footprint of market industry experts to conduct research on both industry and competitor trends. Companies must remain competitive on every level of their value chain and must understand that the actions of each division has ripple effects across the entire company. Our 20+ years of experience within global markets provides us with a vision of the entire value chain and the thinking to provide solutions to improve overall organizational effectiveness.

Bill Gallagher Consultant

Tel.: 312.873.5226

Bill.Gallagher@cgnglobal.com

www.cgnglobal.com

