



Sourcing and Procurement

Strategic Sourcing & Cost Reduction

Project Overview

A heavy manufacturing client had been facing high cost increases & quality issues from current supplier base and needed to mitigate risk. The client team was lacking the velocity to achieve the desired results in the required timeframe.

Business Objectives

CGN conducted the supply market diagnostic and selected high-potential suppliers. Evaluated each supplier's management, manufacturing and financial capabilities from plant visits. Designed the competitive playing field by managing the RFQ process with suppliers to achieve the best pricing. Implemented strategic sourcing and process improvement solutions to achieve global cost reductions. CGN provided a clear visibility to activities that affect product cost helping them make better managerial decision.

CGN Global Approach

Assessment: CGN's conducted initial opportunity assessment to Identification and prioritization of sourceable categories based on:

Spend levels

Overall savings opportunity defined by supplier fragmentation, spend fragmentation across enterprise, market potential, past sourcing efforts, and historical opportunity

Ease of implementation

Manage: CGN's solution effectively controlled and managed the cost reduction initiatives while providing feedback on sourcing & project management best practices.

Control: CGN's helped streamline cost reduction initiatives across several business units by providing the senior management clear visibility into line of sight on savings

Business Results

- Procured quality products with average savings of 15%
- Achieved an optimal end-to-end supply chain solution that met and exceeded client's cost, quality, delivery and risk objectives.
- Provide velocity to all sourcing activities resulting in on time completion of project

Our Expertise

Having a world-class supply base has proven a recipe for success. By creating a strategy based on the entire life-cycle of a product and not just its initial purchase price, sustaining that increasingly critical, unmatched competitive advantage can be achieved. CGN's Strategic Sourcing services have proven to deliver substantial bottom line benefits with relatively low effort. Our approach focuses on being a function of the overall business strategy, proactively developing the correct supply base/ managing supplier relationships to maximize efficiency and deliver optimal value.

CGN Global deploys our industry experts and SMEs to collaborate with organizations as partners to identify opportunities for improving our clients' sourcing strategies using our proven tools and methodologies. We work with you to reduce Total Cost of Ownership (TCO), improve supplier collaboration, create formalized/ standardized procurement processes, increase your supplier measurement and control, and provide you with a detailed understanding and analysis of spend using global sourcing tools, templates, and procedures. Typical benefits include:

- 14% to 18% annual, ongoing savings without sacrificing quality
- 30% to 55% reduction in suppliers
- Consulting break-even always achieved within 12 months
- 5x+ consulting ROI within 24 months
- Savings realization beginning within 4 to 6 months of project start
- More efficient and effective procurement processes for strategic and transactional buy processes

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