



Sourcing and Procurement

Strategic Sourcing & Cost Reduction

Project Overview

A heavy manufacturing client had been challenged to provide cost reduction, improved quality, delivery performance & reduction in supply base. The client leadership team launched a corporate-wide cost-reduction program, with procurement and strategic sourcing as the starting point.

Business Objectives

CGN Gathered and analyzed comprehensive requirements to conduct spend analysis. Conducted comprehensive supply market analysis to understand current market conditions. Conducted stakeholder surveys to obtain requirement. Developed robust sourcing strategies along with options. Developed & managed roadmap for execution of strategy.

CGN Global Approach

Define: CGN categorized the purchased material / services and the customer and business needs

Measure: CGN conducted workshops to gain the effectiveness of current methods employed throughout the business in meeting management needs

Analyze: CGN analyzed the opportunities based on rigorous data collection and breakthrough thinking to develop robust sourcing strategies

Improving: CGN defined the strategies and tactics to be employed by Global Purchasing and their customers

Control: CGN provided the new process by means of a Business Plan and Metrics including a robust means of implementation and ongoing management

Business Results

- Procured By transforming its overall sourcing strategy, the client expects to exceed 12% - 18% in savings without sacrificing quality.
- CGN's strategic sourcing process enabled our clients to realize savings within 4 to 6 months of project start.
- CGN was able to rationalize the supply base leading to 10 – 30% reduction in suppliers

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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