

Leading Power Tool Manufacturer

BACKGROUND

A \$1B (part of a \$3B diversified company) worldwide leader in the design, manufacture and marketing of professional power tools with a customer base of "Big Box" retailers, recognized a need for improved margins in its hyper competitive environment while delivering year over year price reductions to its customers.

The project scope included:

- Developing an enterprise-wide spend cube and an end-to-end assessment of its supply chain to identify and prioritize opportunities
- Executing strategic sourcing in multiple waves of direct material categories
- Providing recommendations to improve overall procurement capabilities and establish a repeatable and sustainable long-term sourcing program

APPROACH

Conducted a tailored spend diagnostic leveraging spend data from 6 manufacturing sites (multiple systems), including the analysis and categorization of \$600MM of addressable spend

Executed a rigorous strategic sourcing process in over a dozen direct and indirect material categories: Small Gas Engines, Electrical Induction Motors, Castings (Aluminum Die, Grey Iron & Magnesium), Ocean Freight, Plastics (Injection and Blow Molded), Air Receiver Heads, Pneumatic Nails, Router Bits, Saw Blades, and MRO

Train a cross functional (Procurement, Engineering, Quality, Manufacturing, Finance, and Sales) team in all steps of the sourcing process

Performed extensive Make vs Buy analysis



IMPACT METRICS

OVER
\$25M
realized savings

OVER
40%
supplier rationalization



"This engagement transformed our entire supply chain."

– VP Procurement

RESULTS

Spend analysis and category prioritization identified up to \$50M of potential savings opportunity through multiple waves of the strategic sourcing program

Delivered over \$25M (14.2%) in realized cost savings in the initial waves

Achieved non-price benefits: over 40% supply base rationalization, improved supplier on-time delivery by over 50%, improved quality (reduced PPM targets) by over 25%, guaranteed year-on-year price reductions by use of Value Add / Value Engineering

Conducted strategic sourcing training (Methodology, Interviewing and Negotiations) for over 70 cross functional professionals that embedded best practices, associated tools and templates for ongoing sustainable sourcing savings

ABOUT TENET

Over the last three decades, our team has delivered more than \$1B in documented client savings across industries, driving measurable value at an ROI of 6-15X.

Contact us today to start a conversation around how we can help you.