



## BACKGROUND

A large global Agriculture and Construction OEM engaged Tenet to source \$1.5B of total addressable spend across five categories:

- Cast & Machine
- Fluid Conveyance & Hydraulic Cylinders
- Gearboxes, Cardans & Friction Materials
- Wire Harnesses & Sensors
- Plastics & Filtration

Our client had over 1,500 incumbent suppliers across the categories. The overarching objectives were to (1) Define the sourcing strategy for each category or sub-category, (2) Compile an Approved Supplier List (ASL), and (3) Articulate the price (i.e., cost savings) and non-price benefits to be realized by implementing the strategy with the ASL suppliers.

## CHALLENGES

The client experienced two main challenges in their post-pandemic supply chain: increased costs and constrained supply. The purchasing organization's focus had been on securing part supply through multi-sourcing, thereby reducing volume leverage and supplier proliferation. Additionally, the organization believed that the supply base had no available capacity and was not interested in any additional business or volume.



## IMPACT METRICS

OVER  
**13%**  
realized savings

OVER  
**30%**  
supplier rationalization

"The part family definition that drove our strategy and business award is a game-changer for our organization. Both our purchasing and engineering organizations now have clarity on how to source sensors in the future"

– Client Team Lead

## APPROACH

Working alongside the client category transformation teams, Tenet guided the organization through the 7-step process utilizing proven tools and templates reinforced with both classroom and hands-on training through the execution of the process. Tenet led the creation of a data management system that not only enabled the execution of the process, but it became the standard for the internal data system that would be used for executing the process as the “new way” of working for the Purchasing organization.

## RESULTS

After executing all seven steps in the first wave of a multi-year, multi-wave supply chain transformation, Tenet and the client team achieved:

- 13% annualized savings
- Recommended the transition of 40% of the annual spend to new suppliers
- Reduced the supply base by over 30%
- Introduced over 60 new suppliers
- Established sub-category strategies that merged the internal client needs with the external marketplace dynamics
- Negotiated several non-price benefits including quality improvements, supply and on-time delivery commitments, transparent pricing models and future cost-reduction idea generation



### 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.