

School & Commercial Bus Manufacturer

BACKGROUND

A \$600M leader in the design and manufacture of school buses (Types A, C and D), commercial buses, and luxury motor coaches. A new management team was brought in to reverse two years of unprofitable performance. The new team believed there were significant opportunities to improve the overall strategic sourcing process and to deliver significant benefits: cost savings, improved working capital, and improved quality. The project scope included:

- Preparing a detailed enterprise-wide spend analysis to help identify and prioritize opportunities

- Executing a rigorous strategic sourcing process

- Providing recommendations to improve overall procurement capabilities and establish a repeatable and sustainable long-term sourcing program

APPROACH

Conducted key stakeholder interviews from Procurement, Finance, Manufacturing, Engineering, Quality and C-Suite to gather baseline costs and understand current state sourcing processes

Performed a spend diagnostic (spend cube) leveraging spend data from multiple different sources and systems, including the analysis and categorization of \$400+M of addressable spend



IMPACT METRICS

OVER
11%
annualized savings

OVER
90%
Increase in profit margins



“The program would become the keystone of our strategic initiatives that led to us turning the company around”

– President

APPROACH, continued

Executed a multi-step strategic sourcing process across multiple waves:

- Finished Chassis, HVAC and Fabrication (Wave 1)

- Engines, Axles, Transmissions, Seats, Windows, and MRO (Wave 2)

Conducted multiple training courses for over 50 professionals in the areas of: Methodology, Effective Presentations, Site Visits, and Negotiations

Developed cross functions teams (Procurement, Engineering, Manufacturing, Quality, Sales and Finance) to drive sourcing initiatives

RESULTS

Spend analysis and category prioritization identified over \$45M of potential savings opportunity through multiple waves of the strategic sourcing program

Delivered more than \$19.6M (11.6%) in annualized savings

Achieved non-price benefits: improved working capital (extended payment terms and improved inventory turns), better On-Time-Delivery, lowered PPM commitments, dedicated engineering resources, and transition assistance (cash payments)

Increased profit margins on Type C and D school buses by over 90%

Strategic sourcing training successfully embedded best practices and 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.