

Leader in Mail & Document Management Systems

BACKGROUND

A \$3.5B leader in the design, manufacture and marketing of integrated mail and document management systems. With the addition of a new CPO, the management team believed there were significant opportunities for margin enhancement using global strategic sourcing. The project scope included:

- North American and European manufacturing locations
- Execution of a rigorous global strategic sourcing process
- Provide recommendations to improve overall procurement capabilities and establish a repeatable and sustainable long-term sourcing program
- Make vs Buy analysis on internal manufacturing processes

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 tailored spend diagnostic (spend cube) leveraging spend data from multiple different sources and systems, including the analysis and categorization of \$1B of addressable spend

Identified that ~50% of direct material spend was sourced with suppliers within 150 miles of its manufacturing location in the NE part of the US

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



IMPACT METRICS

OVER
\$100M
annualized savings

OVER
25X
return on investment



"Ignoring the savings, which were incredible, this project was worth our investment based solely on the training we received."

– VP Purchasing

APPROACH, continued

Developed a go-to-market strategy as a single \$3.5B enterprise to leverage the entire spend of all portfolio companies

Executed multi-step strategic sourcing process as “proof of concept” in the following shared service areas:

Corrugated Boxes, Small Package Shipping, Telecommunications, and Temporary Labor

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

RESULTS

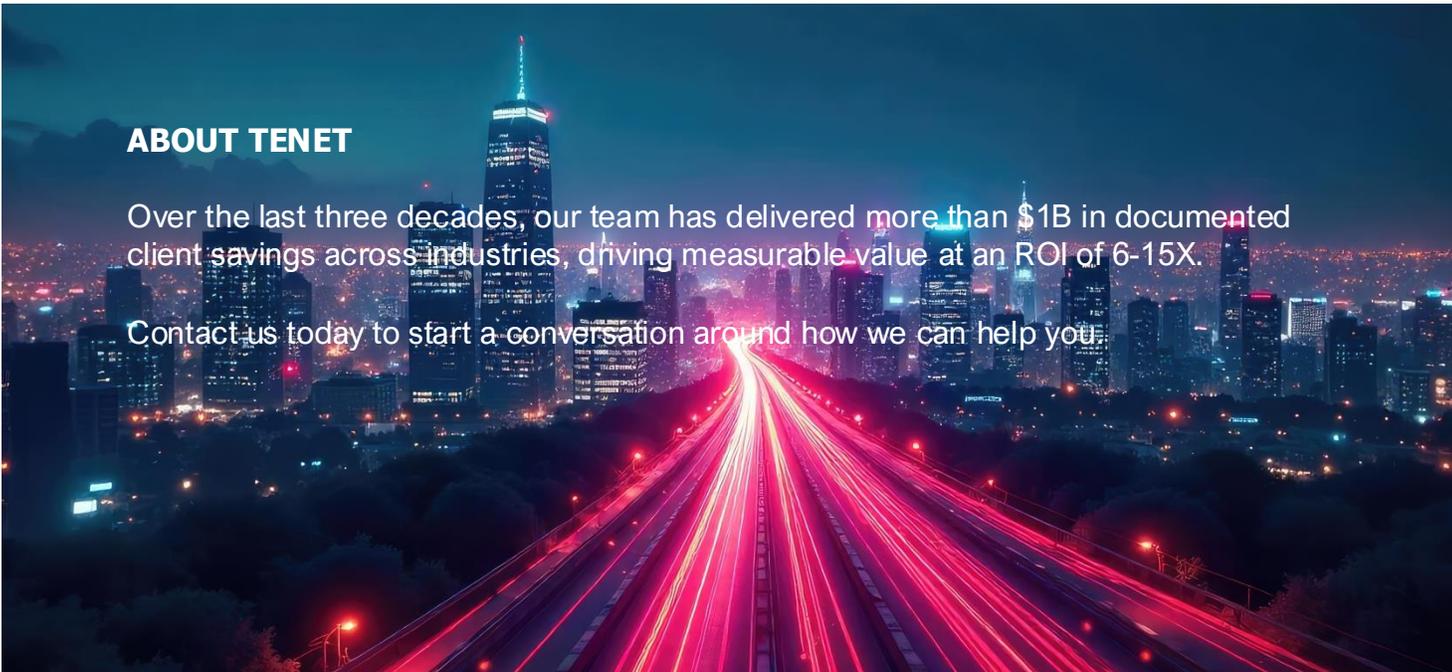
Delivered more than \$100MM in annualized cost savings (>15%)

Achieved non-price benefits: improved cash flows thru extended payment terms, improved inventory turns through the uses VMI and consignment, better On-Time-Delivery, improved quality (lower PPM commitments)

Obtained engineering support for New Product Development and Product (SKU) Rationalization

Grew Best Cost Country sourcing as a percentage of spend from 10% to over 20% with average landed cost savings of more than 35%

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.