

CLIENT USE CASE

Hydraulic Fittings and Couplers

BACKGROUND

Our client, a global manufacturer of agricultural and construction equipment, engaged us for sourcing support for \$65M annual spend in hydraulic fittings and couplers. This category was comprised of a mix of customized, engineered components and high-volume, commodity-style parts that adhere to industry standards.

CHALLENGE

Over the course of the sourcing project, two key systemic challenges were identified:

- (1) The existing sourcing strategy lacked supplier segmentation by product type, leading to both customized engineered fittings and high-volume, commodity-style fittings being procured from the same suppliers, leading to cost inefficiencies and quality issues
- (2) Supplier-owned intellectual property (IP) for customized, highly engineered components limited the client's ability to qualify and onboard alternative sources of supply



IMPACT METRICS

OVER

28%

annual savings

OVER

34%

supplier rationalization

"I'm proud of the strategic sourcing project we led for hydraulic fittings—securing future IP ownership was a major win, and implementing a transparent pricing model brought long-term clarity and control to our cost structure"

– Client Team Member

APPROACH

During the execution of the process, key considerations emerged that shaped the team's strategy and recommendation:

- (1) During the **Supplier Research** step, the team prioritized manufacturers over distributors to maximize cost savings and enhance Tier 1 supplier visibility
- (2) During the **Supplier Selection** step, the team segmented hydraulic fittings into two categories: standard parts aligned with industry norms and custom parts designed for specific customer applications. This approach more accurately reflected the external market, as evidenced by supplier capabilities and competitiveness.

RESULTS

The Tenet Strategic Sourcing process resulted in **supplier segmentation** based on core competencies thereby improving cost efficiency and quality performance. The outcome included a **Transparent Pricing Model** to eliminate ambiguity in future pricing discussions. The team was also able to secure shared **Intellectual Property (IP) ownership** for future product development thereby reducing supplier dependency and enabling market competitiveness on future quotations. The defined strategy and business award resulted in **28% annualized cost 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.