

CLIENT USE CASE

Injection Molding

BACKGROUND

A large global Agriculture and Construction OEM engaged Tenet to take \$80M of annual injection molding spend across 100 suppliers in 4 major regions (North America, South America, EMEA, and APAC) out to the marketplace to establish strategic partners and improve cost competitiveness. The current strategy included very few strategic considerations beyond cost and proximity to their manufacturing plants.

CHALLENGE

The major challenges in this category were ensuring logistics costs remained low and all quality requirements were able to be achieved by the future supply base. Key considerations included paint capabilities, high gloss parts, and press size to successfully produce the required parts. Additionally, the client was looking to reduce their supply base as numerous current suppliers had a small amount of spend and were difficult to manage as the client was not a strategic customer for the supplier.



IMPACT METRICS

OVER
9%
annual savings

OVER
80%
supplier rationalization

“Our team was able to identify additional suppliers close to our plants we were previously unaware of to introduce competition and ultimately reduce prices, improve quality, and increase our on-time delivery.”

– Client Team Lead

APPROACH

Applying the 7-Step process to the Injection Molding category helped guide the team to develop a robust and sustainable category strategy and achieve total lowest cost rather than just lowest piece part cost.

1. During the develop RFP stage of the process the team created an RFQ based on regions and size of parts to improve the ease of quoting for suppliers and better understand suppliers core competencies coming out of the quote process.
2. The sourcing team along with the day-to-day commodity team worked together during the supplier selection step to adjust the current strategy to better improve continuity of supply, reduce logistic costs, and reduce quality defects on painted parts.
3. The team created an extensive sourcing matrix for all types of parts, regions, vehicles, to help buyers in the future correctly source the category in accordance with the new strategy.

RESULTS

The category achieved 9% savings and supplier rationalization of over 80%. The team established a strategy with a few suppliers in each region to support the plants that covered all required capabilities including painting, press size, and part size competencies. The sustainability of the strategy was assured by including an appropriate business award size to ensure that the strategic partnerships will be maintained.



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.