

CLIENT USE CASE

Raw Castings

BACKGROUND

Our client is a global leader in the agricultural and construction industry, operating over 40 manufacturing locations worldwide with in-house machining capabilities. The company's supply base spans more than 100 suppliers across six continents with an annual spend of \$500 million. The historical supply base was heavily concentrated in North America and Europe.

CHALLENGE

Some of the key challenges in this category for this client included:

- A fragmented purchasing organization, with shared parts procured independently by different operating entities
- Limited long-term contracts and purchasing agreements
- Absence of a unified raw material indexing system across the supply base
- On-time delivery rates below 70%
- Concern over changing geopolitical business impacts (e.g., tariffs)



IMPACT METRICS

OVER

12%

annual savings

OVER

50%

supplier rationalization

"This was a process that has long been overlooked at the organization. We have been focused on price for the last 50 years when there is to sourcing than just price when it comes to selecting the right supply base"

– Client Team Lead

APPROACH

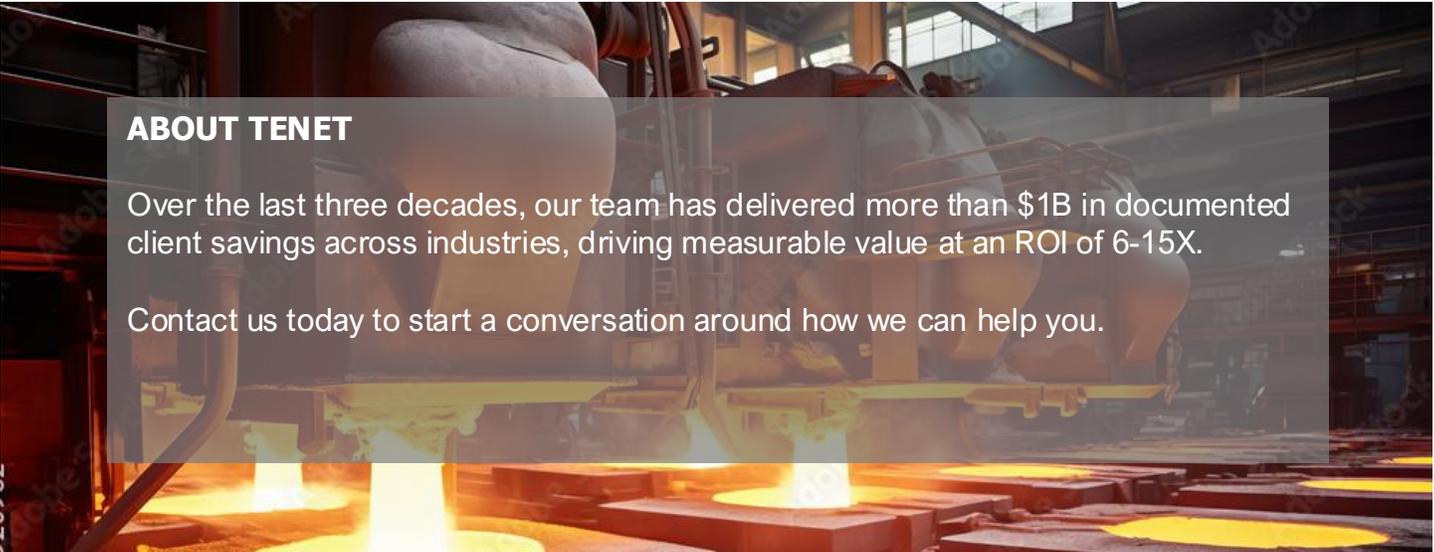
Throughout the 7-step process, Tenet worked with the client team to:

- Conduct operating facility interviews to uncover current challenges and sourcing approach risks, including a “blanket” approach to dual-sourcing parts despite volume de-leveraging, dual tooling cost, etc.
- Identify the correct country of origin during the creation of the Request for Proposal (RFP) step as several trading houses were utilized in the current supply base
- Identify suppliers outside of China due to the client’s concern about potential tariff impacts and supply chain costs
- Benchmark the supply base during the Site Visit step to understand what the market is capable of for on-time delivery

RESULTS

The Tenet Strategic Sourcing process enabled the client to realize several benefits, including:

- Establishment of **Transparent Pricing Models** to control future part cost (a.k.a., new part tax)
- Implementation of **standardized raw material indexation** in coordination with the client’s Finance organization
- Supplier contractual commitment to **99% on-time delivery** with recovery provisions
- Creation of a strategy for “smart dual-sourcing” based on part classification and criticality to client’s assembly operation
- **Over 12% annualized costs savings**
- **Over 50% reduction in China supply**, with an additional focus on US plants



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.