

Metal Fabricator Finds Major Savings In Non-Strategic Spend Categories

ThePurchasingDept helped a \$6 million global manufacturer of technical automotive accessories find more than \$50,000 in savings across seven categories of non-strategic spend. The company enjoys strong relationships with both existing and new suppliers.

Goals:

1. Become more cost effective compared with their larger competitors
2. Improve quality of materials purchased
3. Improve supplier customer service

ThePurchasingDept conducted a comprehensive category analysis on behalf of the client. The manufacturer provided spend information by supplier and by category for the preceding two years. Seven spend categories held the greatest savings potential.



Benchmarking

The next step was the benchmarking analysis. The client's current spends for the highest volume items purchased was compared with ThePurchasingDept master agreements in each of the seven categories. Significant and immediate savings opportunities were identified in three of the categories first: Shipping Supplies, Corrugated and Uniform Services.

Supplier Consolidation

In Phase 2, ThePurchasingDept consolidated Industrial Supplies purchases from five suppliers to one, under our group agreement. The new supplier has substantially re-organized the MRO department and manages 90% of the entire industrial supply category with dramatic cost reductions. Credit Card processing fees, Temporary Staffing, and Digital Office Equipment were benchmarked next after analyzing 30-60 days of invoices. Significant savings were identified in these categories as well.



Results

ThePurchasingDept uncovered dramatic savings in several categories. The manufacturer adopted seven new contracts through ThePurchasingDept. They now have improved relationships with all suppliers and have expanded the number of categories of non-strategic spend under active management.

A few results include:

- Shipping Supplies 14% annual savings
- Corrugated - 16% annual savings
- Uniform Services - 47% annual savings
- Industrial Supplies - 29% annual savings
- Credit Card Processing - 16% annual savings
- Temporary Staffing - same rate, improved reporting and quality of employees
- Digital Office Equipment - Lower monthly spend that better matches current usage