

## FORTUNE 500 INDUSTRIAL PRODUCT OEM

AIRCRAFT, AUTOMOTIVE AND INDUSTRIAL PRODUCTS

### ORGANIZATIONAL TRANSFORMATION & PROCUREMENT

#### SPOTLIGHT ON BEST-COST-COUNTRY EXCELLENCE

A global, \$13B multi-industry company with market-leading operations in aircraft, automotive, and industrial products, including power transmission, motion control components, pumps and electronic systems. It has established procurement transformation as a core strategic corporate imperative. The company has operating units across the Americas, Asia, and Eastern Europe.

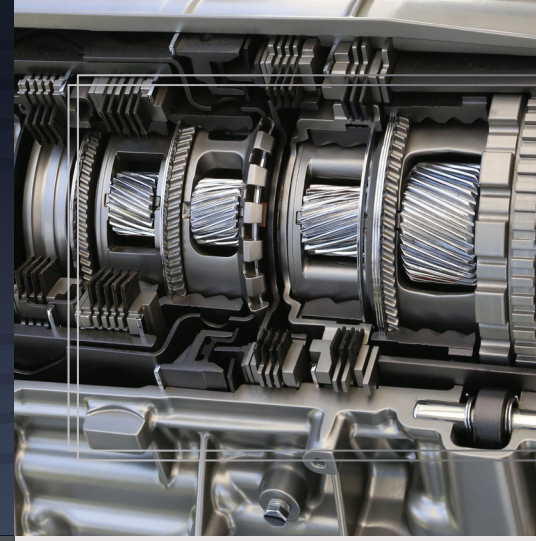
#### CHALLENGE

With a supply base of over 3,500 suppliers representing \$830M of spend across nine operating divisions, the company selected Gibson to help to identify and achieve supply chain savings opportunities for the industrial products division.

#### EVALUATION

After identifying supply chain savings opportunities, Gibson recommended an organizational design and structure to maximize savings opportunities.

*Continued on next page...*



#### RESULTS AT A GLANCE

**\$133MM**  
(16%) IN SAVINGS ACROSS  
SEVEN PRODUCT CATEGORIES

**SUPPLY CHAIN  
ORGANIZATIONAL  
AND OPERATIONAL  
TRANSFORMATION SET OUR  
CLIENTS UP FOR LONG-  
TERM, SUSTAINABLE AND  
REPEATABLE SUCCESS LONG  
AFTER GIBSON IS GONE**

**INCREASED GLOBAL  
PURCHASES BY 57%**

**CONDUCTED 181 SUPPLIER  
SITE VISITS AND 158  
NEGOTIATIONS, LEADING  
TO THE SELECTION OF  
75 STRATEGIC  
ALLIANCE PARTNERS**

## APPROACH

---

Gibson proceeded to built and implement a new organizational design and structure. This included recruiting, hiring and training category managers and introducing best operating practices, as well as a sourcing methodology. We transformed pre existing client category “Synergy” teams into a world class purchasing organization and developed effective and successful Global Supply Strategies for indirect materials, components, and finished products, addressing low demand, highly engineered and specialized product issues. We also organized, trained and directed cross functional procurement teams to select alliance suppliers for long-term cost, delivery and service improvements

## RESULTS

---

In addition to significant project savings, our client established and solidified a process and organizational transformation that paved the way for sustaining long-term savings and total cost improvement. Our recommendations generated \$133M (16%) in savings across seven product categories, including Printed Materials, Telecommunications, Electric Induction Motors, Injection Molded Plastics, Ocean Freight, LTL and Truckload Transportation. We increased global purchases by 57%, with 70% now originating from Best Cost Country sources. Lastly, we conducted 181 supplier site visits (70 International, 111 North America) and 158 negotiations, leading to the selection of 75 Strategic Alliance Partners.

