

FORTUNE 500 COMPANY - GLOBAL METALS

GLOBAL STRATEGIC SOURCING

SSPOTLIGHT ON BEST-COST- COUNTRY EXCELLENCE

Gibson Helps Industrial Conglomerate Realize over \$34 Million in Annual Savings. Gibson performed due diligence at over 60 locations, analyzed 40+ ERP Systems, strategically sourced 16,000+ SKU's, and delivered over 12,000 hours of skill based classroom/practical training to 250 professionals.

CHALLENGE

This Fortune 500 company purchases over 350,000 metric tonnes of metal annually (~ 400 Million USD) across 28 unique operating companies in 15 countries. This client had previously used over 200 metal suppliers. Client sought an opportunity to improve overall efficiencies, maximize financial results, and drive product innovation by adopting and utilizing a global strategic sourcing process.

EVALUATION

The Gibson team researched and analyzed the client's supply base, including their diverse technical requirements, customer requirements, and annual metal spends. The Gibson team:

- Conducted 400 interviews with cross-functional and cross-divisional professionals, and gathered extensive data to benchmark costs and processes
- Identified opportunities to align with "Global" suppliers to obtain tremendous operational benefits and lower cost
- Recognized the critical need for skill-based training development



RESULTS AT A GLANCE

\$34 MM+
IN ANNUAL SAVINGS

> 85%
SUPPLY BASE REDUCTION

APPROACH

In order to take advantage of the identified cost-saving opportunities, Gibson implemented an 11-Gate Strategic Sourcing Process targeting four primary metal categories, including Carbon Steel, Stainless Steel, Copper, and Aluminum. Gibson trained and worked side-by-side with over 250 client professionals to strategically source all metal requirements. In total, this client and Gibson negotiated and physically site visited with 65 of the best suppliers globally.

- Gathered and outlined detailed technical and commercial data requirements
- Trained client teams in Process Methodology, Executive Communications, Global Negotiations, Site Assessments, and Alliance Management to ensure sustainability of benefits (total training over 12,000 hours)
- Defined and carefully developed each negotiable issue for effective / efficient negotiations

RESULTS

Gibson was responsible for identifying, evaluating, and capturing this supply chain savings by training over 250 people, introducing and customizing an 11 gate sourcing process, and creating databases for the client to benchmark their supplier base. This resulted in establishing long-term partnerships with 27 world-class mills & service centers.

The project generated over \$34 MM in realized annual cost savings improvement, and a significant reduction in supply base of over 85%. This was accomplished by establishing mutually beneficial strategic alliances with each of the selected suppliers. These established relationships, with the global metal suppliers, will continue to drive cost reductions throughout the company.

