

LARGE INDEPENDENT PRINTING COMPANY

GLOBAL STRATEGIC SOURCING

SPOTLIGHT ON EXCELLENCE

Gibson helps client realize more than \$15 million in annual savings and establish improved relationship with its strategic suppliers.

CHALLENGE

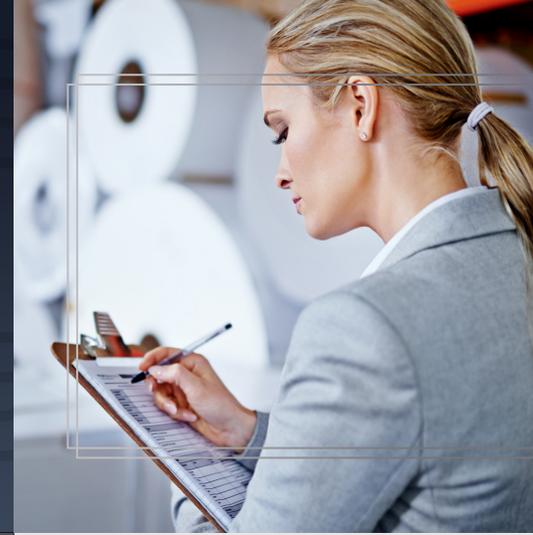
In an increasingly competitive market, the client looked at ways to reduce their cost and increase their market share. They opted for a global Strategic Sourcing initiative to also improve their relationship with their suppliers.

EVALUATION

The Gibson team gathered and analyzed the client's supply base and current transportation costs. Potential savings opportunities were uncovered and various technical and organizational issues impeding cost-effective performance were identified.

The Gibson Team

- Conducted interviews with cross-functional management teams and gathered extensive data to benchmark costs
- Identified opportunities to work with suppliers in Eastern Europe and Asia to improve efficiency and quality
- Created skill-based training, project work plan, and timeline to realize savings
- Performed a detailed end-to-end supply chain diagnostic to map out current state



RESULTS AT A GLANCE

\$15 MM
IN REALIZED SAVINGS

70%
REDUCED SUPPLY BASE

> 95 %
ON-TIME DELIVERY ESTABLISHED

ESTABLISHED COMMODITY
BASE PRICE STABILITY

OFFERED TIERED VOLUME
REBATES AND DEDICATED
MANUFACTURING CAPACITY

APPROACH

Gibson implemented a strategic sourcing project targeting five specific categories, including Paper, Ink, MRO & Production Supplies and Office Supplies.

- Gathered and outlined data requirements
- Revised sourcing department organizational structure and created job descriptions and qualifications consistent with those considered "Best in Class".
- Trained client teams in Methodology, Executive Communications, Negotiations, Project Planning/Management & Execution and Alliance Management to ensure sustainability of improvements.
- Defined and carefully developed each negotiable issue
- Challenged client to truly consider "Global" suppliers and not necessarily rely on those suppliers within a 150 mile radius of their manufacturing facility

RESULTS

Cost savings were achieved by reducing the client's supply base and significantly improving alliance management. Realized over \$15 million in savings annually.

- After conducting 151 negotiations with key suppliers in the defined commodities, reduced supply base by 70%
- Established consistent process across all divisions and disciplines
- Established clear metrics to evaluate supplier alliances
- Established clear metrics for client's organization for professional development and measurement
- Offered dedicated manufacturing capacity
- Established On-Time Delivery metrics of >95%
- Engineering support for New Product Development as well as Product Rationalization
- Significantly reduced inventory turns by implementing inventory management programs such as consignment, JIT, Kanban, safety stock, VMI programs, etc
- Offered tiered Volume Rebates
- Established Commodity Base Price Stability

