



FORTUNE 500 HEAVY EQUIPMENT MANUFACTURER

MINING DIVISION

GLOBAL STRATEGIC SOURCING

SPOTLIGHT ON BEST-COST-COUNTRY EXCELLENCE

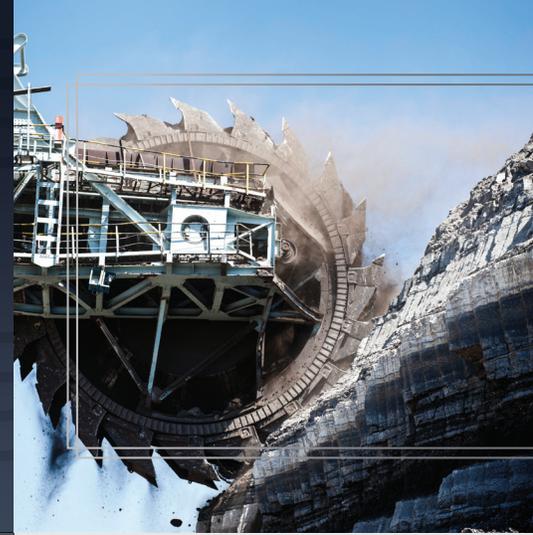
Gibson transforms this Fortune 500's mining division's fragmented supply base by leveraging its collective volume across its North American, European, and Asian locations. Seven of this client's highest spend and visibility categories were sourced globally, and the best suppliers throughout Europe, North America, Asia, and the Middle East prevailed, providing \$30MM+ in realized savings and countless operational benefits.

CHALLENGE

This Fortune 500's mining division was the product of 12+ mergers and acquisitions over the course of the past 10 years. As a result, this client had a highly fragmented supply base, no formal supply agreements or global procurement strategy, inconsistent and volatile pricing by location, and no defined process to go to market. This client also faced stringent governmental safety regulations by geographic region which challenged transitioning business to alternative means of supply.

EVALUATION

Through initial visits across this client's globally diverse manufacturing footprint, the Gibson team interviewed key personnel to develop an understanding of this client's strategy, organization, operations, and systems. Gibson also completed an extensive spend analysis to identify the highest savings potential categories.



RESULTS AT A GLANCE

\$30 MM+
IN REALIZED SAVINGS

**SIGNIFICANT OPERATIONAL
AND SERVICE IMPROVEMENTS**

**INCREASED ENGINEERING AND
TECHNICAL SUPPORT**

**FORMAL COST REDUCTION
PROGRAM WITH EACH
ALLIANCE PARTNER**

The Gibson Team

- Conducted 100+ interviews with cross-functional and cross-divisional professionals, and gathered extensive data to benchmark costs and processes
- Identified Batteries, Castings & Forgings, Machined Parts, Hydraulics, Electronics, Ocean Freight, and Steel as the first wave of sourcing categories
- Recognized the critical need for skill-based training development

APPROACH

To capture the savings potential identified in the evaluation, Gibson implemented an 11-Gate Strategic Sourcing Process targeting the seven categories identified above. Project teams were based globally in Germany, Australia, China, and the United States to provide a hands-on, experiential learning environment for the client teams. Suppliers from across the world were engaged to identify best cost countries by category. Site visits and negotiations were conducted across five continents to maximize savings.

- Captured unique technical and governmental requirements for each manufacturing and service location
- Trained client teams in Process Methodology, Executive Communications, Global Negotiations, Site Assessments, and Alliance Management
- Established OEM and mill level relationships to transition supply away from distributors and move to a direct buy model

RESULTS

This client realized over \$30MM in cost savings, significant operational and service improvements, increased engineering and technical support, and a formal cost reduction program with each alliance partner. In total these results transformed this client's supply chain strategy and established a foundation to sustain and grow savings in the future.

- Established global supply agreements for each of the seven categories to provide stable and consistent pricing across all regions
- Instituted a defined sourcing process through experiential learning

