



PROCUREMENT SERVICES



CASE STUDY

SUPPLIER SAVINGS ANALYSIS

PROJECT SNAPSHOT

CLIENT INDUSTRY
Manufacturing



CLIENT
PMB



LOCATION
South Australia



SOLUTION
Supplier savings analysis



OUTCOME
\$2.8m+ per yr P&L savings





● BACKGROUND

PMB is a manufacturing organisation with its primary manufacturing site in Adelaide, SA. The internal procurement teams' focus was on new product development & providing operational support, leaving little time for procurement activities such as strategic sourcing & cost savings.

Traditionally, sourcing had been conducted with the same suppliers & no rigorous review had previously occurred. The client identified the need to reduce its cost base, so sought the assistance of Spend Solutions to conduct a supplier savings analysis that provided a savings roadmap to achieve their organisational goals.

● PROJECT OUTCOMES

In total, Spend Solutions identified **17 savings opportunities** with a **projected annual P&L savings of over \$2.8m**. The project split leaned heavily on sourcing activity through either consolidation, low cost country sourcing or market evaluation, with approximately 20% of projects being direct negotiations & cost optimisation, which provide opportunities for more immediate cost savings.

Areas identified for savings opportunities included direct spend areas such as raw materials & fabricated components, as well as indirect spend areas such as temporary labour, waste & consumables.

Overall, the savings opportunity analysis provided the client with key insights into savings opportunities within their business that they would have otherwise not been able to obtain. **Importantly, it allowed the client to develop a roadmap to prioritise & action projects based on the level of savings & difficulty, thus providing a platform to plan, budget & execute savings opportunities within a structured framework.**

● PROJECT OVERVIEW

Spend Solutions was engaged to conduct a supplier savings analysis on supplier spend across both direct & indirect spend. The brief was to uncover savings opportunities through improved sourcing, better pricing & better utilisation of how products & services were used internally.

Spend Solutions conducted a 4 step process to uncover available savings in the clients' supplier base. The first step was to categorise spend to give a view of spend by product group & supplier, allowing for identification of the biggest spend areas. Step 2 identified opportunities for cost savings through improved sourcing strategies. Step 3 involved conducting a price analysis of key suppliers rates against market & competitor benchmarks, while the final step sought to identify savings opportunities through better utilisation of products & services. At each step key stakeholders were engaged to guide & validate assessments to ensure relevance.

Many direct items had either never been previously reviewed, had multiple suppliers for similar products or came from high cost overseas countries. These 3 insights became central to identifying savings opportunities.

CONTACT DETAILS