

Our solutions helped an engine manufacturer achieve 11.3% in savings by reducing spend on indirect sourcing

About Client

Client is an India based manufacturer of forgings and automotive engine parts. It exports to more than 30 countries

Client Situation

Client had a target of reducing spend base by 10% for all the indirect sourcing categories for which it was looking for an external help

Our Solution

Following were the major aspects of our solutions

- A comprehensive spend analysis to identify major heads of spends. Spend analysis identified the addressable spend base for reduction
- A pareto analysis of addressable spend base
- Attacking the spends which formed 80% of the value.
- Solutions for categories like office supplies, security, maintenance revolved around low cost country sourcing, identifying newer cost competitive vendors, renegotiating contracts and consolidation of vendors
- Some of the indirect sourcing category manager positions were outsourced for a long-term value creation. The FTE position based out of India helped in category strategy formulation and its implementation throughout the year in line with the organizational objectives

Outcomes

- 11.3% reduction in indirect sourcing spend base
- Savings due to offshoring and near-shoring