

Case study

Global sourcing delivers labeling consistency and savings

THE CLIENT :

A large automotive company

THE CHALLENGE :

Globally find a suitable supplier for Security Feature Labels for all subsidiaries of the client.

OBJECTIVES :

Obtain stability of pricing for 60 months.

Maintain at least the same prices.

APPROACH :

CEPROCSTM did a detailed market and supplier analysis.

The team established an appropriate criteria catalog. 7 suppliers were preselected. Finally 3 shortlisted suppliers were in the sourcing.

RESULTS:

The awarded supplier agreed to a 5-year contract, with the same prices for all client's plants. 13,4% savings achieved.

Maintaining a consistent and reliable labeling system is quite a challenge. Companies with several international locations often find themselves working with fragmented labeling systems. Decentralized systems leave companies at the risks of human error and inconsistency in labels in all locations. A well known automotive company – a CEPROCS™ client – invited our team of professionals to help them consolidate their labeling systems.

The CHALLENGE

was to find a suitable supplier that could offer a “Security Features Label” package for all locations worldwide, as well as provide all on a competitive pricing.

The security feature on the label would enable warehouse/field personnel, dealers, customers and customs to easily verify that they have a genuine part. This gives the client centralized control over the label production and distribution, significantly reducing the possibility to have counterfeit products entering the supply chain. It would also allow the client to streamline their processes, and improve efficiency as they achieve labeling consistency and more reasonable pricing.

Whilst reducing the overall cost is important, one of the key **OBJECTIVES** of this project was to obtain stability in pricing for 60 months as well as to maintain the same pricing for all plants. Fluctuating commodity prices have an impact on supplier prices, and this is why the CEPROCS™ team went for a fixed price for the contract duration.

However it's not just the price that was taken into consideration, quality is also very important and it has to be ensured through the technical approval process, jointly with the client.

The **STRATEGY** applied by the CEPROCS™ team was to run a global sourcing process. The market as well as potential suppliers were evaluated, 7 suppliers were initially shortlisted. After technical and pricing evaluation, a negotiation process was initiated with the final 3 suppliers. All 3 suppliers were requested to provide information for a technical assessment that would lead to savings identification. They had to communicate prices and technical description for the whole label - including the security feature. Based on all the data collected, the plants decided to choose the supplier that provided best prices as well as the best technical support.

The RESULTS were exactly what the client was aiming for.

With the help of the CEPROCS™ team, the best suitable supplier was identified, and he agreed to a 5-years contract. The price was fixed for the entire contract period and for all plants. Furthermore, CEPROCS™ realized savings of 13,4%.

For more information on how you and your organization can profit from similar solutions, contact your CEPROCS™ representative or visit us at www.ceprocs.com

