Heavy Duty Industrial Equipment

Case Study

A manufacturer of heavy mining equipment hired Forsyth Advisors to review their purchase ordering process to investigate opportunities to reduce the number of POs placed. Upon investigation, not only did Forsyth identify opportunities to reduce POs placed, but the client was also able to reduce direct spend significantly, reduce costs on freight using a 3PL, all while upgrading their portfolio of partners and reducing transactional activities by 65%.

"Our focus on collaboration makes it even easier to add value to our client's projects" - **N. Beckermann, Sr Project Manager Forsyth Advisors**

Outcome

15%
EBITDA Improvement

21% Savings
Direct Spend

18% Savings
Freight Spend

60% Reduction
Purchase Orders/Administrative Tasks

Our Approach

Focused Discovery: Client Trailing Twelve Month (TTM) purchasing data was reviewed to understanding purchasing trends and needs

Vendor Consolidation: As part of the plan to reduce PO usage, Forsyth led the consolidation of spend, which resulted in significant savings while minimizing single-source risk

New Partners:, Forsyth was able to introduce new partners to the supplier portfolio, improving the breadth of industry knowledge to the client. .

Vendor Managed Inventory Programs: To address PO placement and reduce both direct and indirect costs, multiple VMI's were introduced, which will facilitate long term inventory management

Challenges Resolved

Internal Reorganization: Client was undergoing an operational reorganization during the engagement, with concerns about internal bandwidth

Change Management: While the engagement began simply, Forsyth's review uncovered larger organizational opportunities

Overuse of Intuition: Client was focused on past practices and historical processes when searching for solutions vs. data-based observations and conclusions.

New Leadership Onboarded: As part of their reorganization, the client hired a new Supply Chain Leader after the initial engagement, which required project reviews and a close feedback loop.