Aligning Costs with Market

Case Study

Forsyth commissioned by a Private Equity-owned manufacturer and distributor of steel assemblies. While they made parts in American, approximately half of their spend was sourced in China. Client needed help managing a lower success rate on bids over the past two years. Upon reviewing the client's purchasing history and interviewing personnel, Forsyth developed a Commodity and Currency program with both their international and domestic suppliers. In addition to significant cost savings secured through negotiations, Forsyth was able to define and develop a scalable cost management program with the suppliers that aligned with market pricing.

"Forsyth Advisors was our key partner in developing our comprehensive supply chain strategy, and delivered against our cost, quality and volume expectations in record time."
- ***M.M. CEO***

Outcome

35% Cost Savings
Product Savings

20% Improvement
Bid Success Rate

60 Days
From Kickoff to Implementation

Cost Alignment
Procurement Sustainability

Our Approach

Baseline Current and Future Needs: Comparing client data to market conditions, Forsyth determined there was significant misalignment with the market.	**Program Development:** Working with Client and vendors, Forsyth developed standard quarterly review of costs (steel) and currency (China) to ensure alignment
Rigorous Benchmarking: Thorough piece-by-piece kit costing to establish confidence in new vendor capabilities and pricing	**Streamlined Supply Chain:** The development & definition of relevant indices as well as a review schedule provided scalable and simplified negotiations

Challenges Resolved

Client Unfamiliarity: Client was familiar with market indices and currency, but not as familiar with their usage in product costing	**Ensuring Sustainability:** New programs and systems require initial seeding and support from Leadership, which Forsyth facilitated with Client and Supply Base through our subscription service.
Varying Indices: With commodities, and even currencies, there can be a variety of indices used to support different positions. Forsyth's experience came into play when identifying the most relevant data sets	