Diversified Supply Chain with Significant Savings

Case Study

A mid market automobile accessories company struggling with costs and an overreliance on a single source, post-pandemic, asked Forsyth Advisors for a review of their supply chain. The client was, effectively, single sourced in China, further exacerbating their risk. In addition to a standard review of spend, the Forsyth team reviewed the componentry of the textile accessories and country of origin, with Mexico targeted as a possible regional option. After reviewing components costs, as well as those associated with freight, tariffs (both current and future), Forsyth designed and executed a plan that allowed the client to diversify their supply in China, with significant savings, while also vetting and preparing for a longer-term solution in Mexico.

"Forsyth doesn't just find suppliers. We source your product so that doing so aligns with your supply chain strategy"
–**J. Shanahan, Vice President Forsyth Advisors**

Outcome

$2+ Million
EBITDA Improvement

Purchasing Patterns and Price Structures

100%
Diversified Supply Chain

$3M
New Product Sales

Our Approach

Data Analysis: Created a detailed SKU level spend cube that outlined supplier, brand, and item overlap.

Vendor Review: Reviewed over 60 potential suppliers in Mexico and another 45 in China, ensuring the best long-term fit

Price History: Compared historical price changes with commodity prices, currency fluctuations, and other cost drivers to identify areas of dealignment.

Negotiations: Engaged with incumbents to foster mutually beneficial partnerships that drive cost savings and efficiency gains.

Challenges Resolved

Unavailable Product Specs: Client was unable to provide design and specification documentation, making sourcing the product challenging.

Limited Bandwidth: The Internal teams did not have the time to drive figure out and drive a supplier synergy initiative on their own.

Post-Pandemic Reaction: Following the supply chain chaos caused by the pandemic, the client was reactionary to the challenges vs. strategic

Challenges in Mexico: Mexico lacked the domestic supply of textile materials, instead leveraging incoming product from China.