



SAVINGS BEYOND PURCHASE COSTS

A strong Strategic Sourcing team delivers
benefits beyond acquisition cost savings

Strategic Sourcing impacts:

1

PURCHASE COST (COST OF GOODS SOLD) REDUCTIONS

- Supply base consolidation
- Competitive bidding
- Volume rebates
- "Should Cost" modeling
- Negotiation effectiveness
- Category market impact management

2

INTERNAL BUSINESS COST REDUCTIONS

- Inventory rationalization
- Transportation optimization
- Distribution and Manufacturing
- Lead-time reductions
- Extended supplier terms
- Minimum Order Quantities (MOQs)
- Forecast accuracy
- Supplier Relationship Management (SRM)
- Metrics-based management

3

SUPPLIER AND CUSTOMER COST REDUCTIONS

- Standardization and substitution
- Negotiation and back-office costs
- Online ordering and invoicing
- Technology utilization
- Process streamlining
- Continuous Improvement (CI) practices

