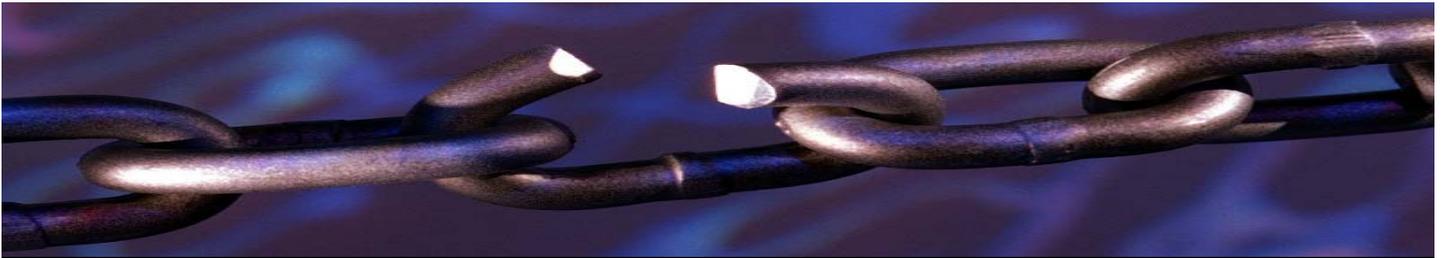


Total Cost Sourcing: Supply Chain Optimization

Training &
Consulting Services



Total Cost: a Key Component in improving Operating Profit

Purchasing professionals are under greater pressure today than ever before to reduce operating costs. And because the main profit component they can impact directly is price, it often becomes the focus on these profit improvement initiatives.

But while price is the most obvious cost to pursue, there are other costs that offer a greater opportunity to save, if a company understands these costs and the impact a supplier can have on their overall profitability. This impact generally falls into four primary categories:

Revenues: minimized downtime, increased production rates, or other changes that increase you're your output of saleable products.

Assets: reductions in possession costs when inventory, equipment or facility requirements are minimized.

Expenditures: reductions in the price paid for products/services, energy costs, freight, or other areas of annual spend.

Process costs: reductions in personnel costs due to the elimination or minimization of tasks needing to be performed.

Without the ability to measure suppliers on a Total Cost basis, many cost savings opportunities are ignored or can never be achieved...resulting in a less effective supply chain.

SBS has developed the tools and processes for you to evaluate suppliers and the solutions these suppliers offer on a Total Cost basis. But even more importantly, we can help you develop the skill set needed to measure and compare suppliers and their proposed solutions on a Total Cost basis in order to achieve your cost saving goals, and maximize the benefits for you supply chain.



Strategic Business Solutions L.L.C.

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Strategic Sourcing and Supply Chain Optimization

Strategic Sourcing evaluates and redefines Purchasing's role in achieving critical business issues such as growth, innovation, market synergies and maximizing key leverage points along the value chain. It is based on two key premises:

Premise 1: purchasing impacts every aspect of a business, from sales to operations and the office to the warehouse.

Premise 2: using purchasing as a strategic resource, companies can create and sustain a true competitive advantage.

To effectively implement Strategic Sourcing companies must work through five key steps:

- Determine Objectives – company wide needs focused on organizational alignment and savings.
- Evaluate Strategies – based on risk, Total Cost and objective attainment.
- Spend/Cost Analysis – based on the strategies, determine the current base costs.
- Supplier Selection – compare suppliers on relationship, performance, and Total Cost impact.
- Monitor & Manage – ensure the relationship is providing the needed benefits both immediately and in the future.

Strategic Business Solutions is focused on building relationships that maximize the benefits that can be derived through the supply chain, both in terms of building new relationships and taking existing ones to a higher level of savings. Call us to see what we can do for you.



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