

Business Context



Marketing suppliers often rely on unstructured creativity as a source of value; making it difficult to assess performance with a structured approach. Identifying opportunities for a leading heavy equipment manufacturer to maximize its value requires a flexible approach that moves away from narrowly focusing on cost. In this instance, Procurement and Business Unit partners collaborated to identify the “Customer Loyalty Survey” as a candidate for supplier assessment. The three statements of work that made up the “Initial Purchase” and “Product Use” surveys were consolidated and re-sourced with the goal of increasing value and innovation, reducing complexity and cost, and improving the supplier relationship.

“ Customer loyalty is vital to us and we need to ensure that our program supplier is exceptional. This supplier is part of our customer experience and has to be in tune with our strategy and evolving marketing trends. – Program Lead ”

Finding the Right Strategic Fit

To understand the market and competition, the scope of work was benchmarked with leading market research suppliers with existing client relationships. The re-structured Request for Proposal (RFP) required additional cost/unit granularity for equivalent comparisons. Supplier responses were evaluated across 17 characteristics in three key categories; collaboration, competition, and compensation. Measures for each characteristic were based on the Business Unit’s pre-determined “best in class” response. After initial responses were evaluated, each supplier was given feedback in all categories and had the opportunity to refine their response. Ultimately, responses were assigned a final grade and the top two suppliers were invited to present their proposals. With negotiation documents that outlined leverage points, roadblocks and supplier growth plans, the Business Unit and purchasing team jointly conducted half-day discussions with each supplier. The selected supplier excelled on all fronts and was deemed the best strategic fit for the future of the program.

SUPPLIER QUALITY AND INNOVATION

INCREASED

- ISO Quality Certified
- Largest Global Market Research Provider
- Best in Class Capabilities
- Multiple 2017 Program Improvements

CLIENT BURDEN  
**REDUCED**  
20% Est. (\$20,000)



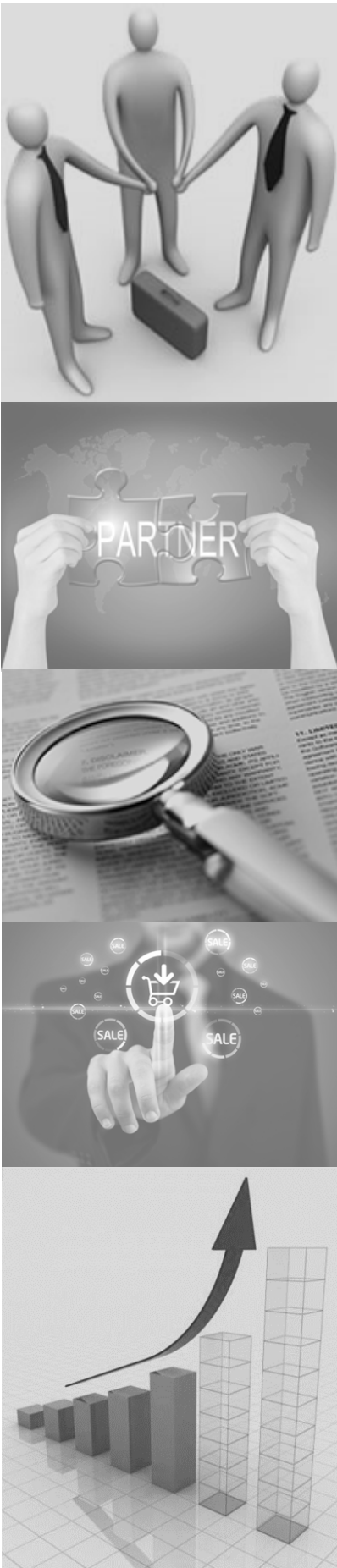
CLIENT IP/PU COST  
**REDUCED**  
34% (\$410,000)



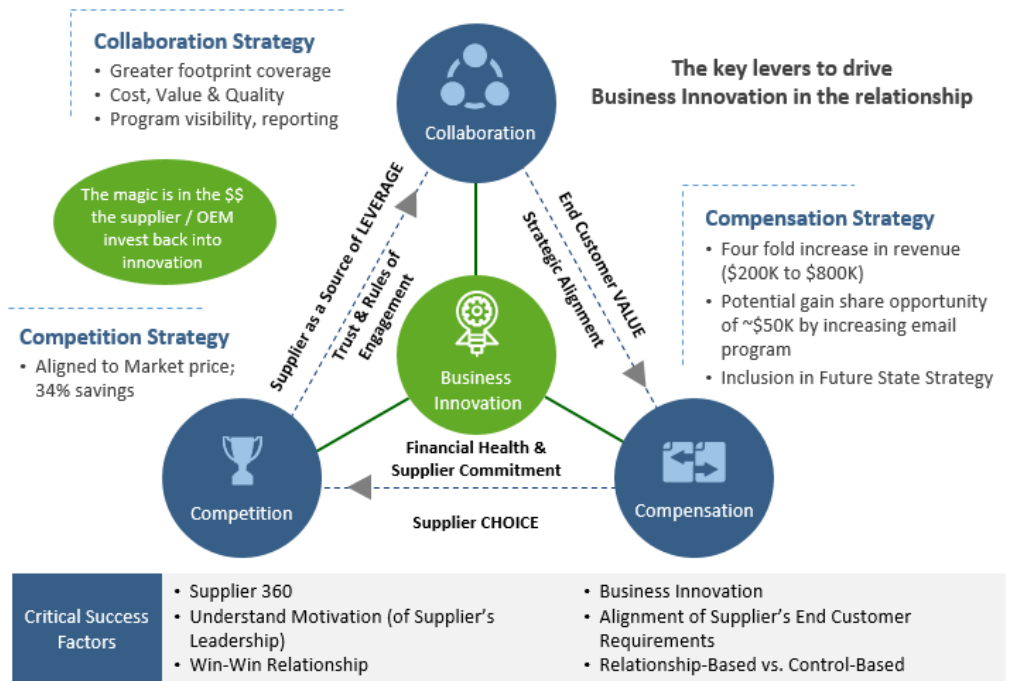
SUPPLIER IP/PU REVENUE  
**INCREASED**  
300% (\$600,000)



# Supplier Collaboration Changed for Good



Supplier Collaboration Framework

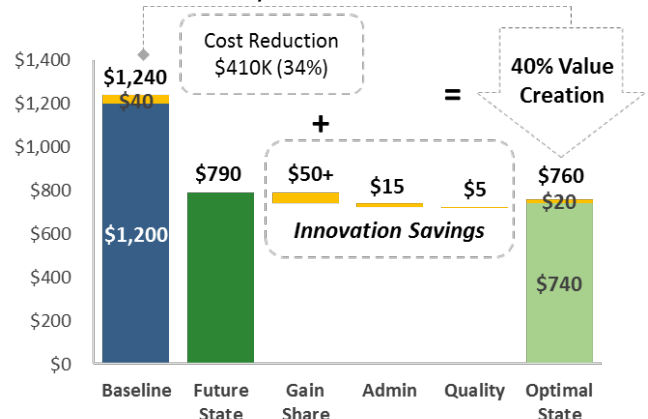


CGN Global Proprietary

- **Transform** supplier relationships to deliver a Win-Win for both organizations
- **Rationalize** global supply base to create an ecosystem of Innovative Partners/Suppliers
- **Address** constraints in relationship to unlock the hidden value
- **Align** to a common purpose and improve cost, quality and velocity
- **Identify** areas of collaboration to reduce TCA, while protecting supplier margins
- **Create** a relationship structure that facilitates business innovation & ability to maintain the competitive advantage

Sustainable solutions are not unidirectional. Rather than simply a cost center that must be tightly managed, suppliers represent a strategic extension of the organization – bringing fresh resources to bear on design and collaborating to make products and services more efficient. Key supplier relationships are being transformed from merely transactional to collaborative, producing immediate, significant and long-term business value.

## Total Cost of Acquisition



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