

Koe-Meyer Inc. Supplier Rationalization

1

Introduction

Through analyzing this case, we would like to achieve the following objectives:

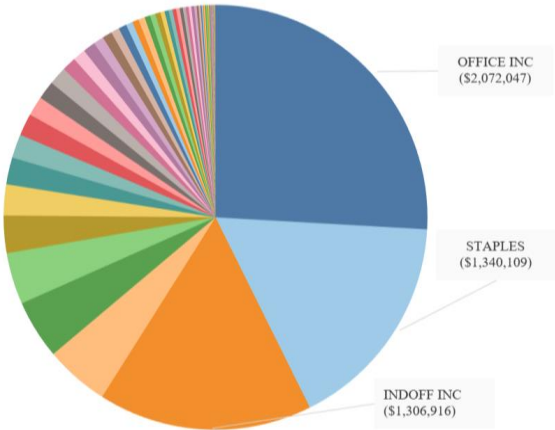
- To construct key conceptual frameworks of procurement and related strategies,
- To understand the idea of supplier rationalization and related analytical factors,
- To formulate strategies through data analyses and metric comparisons.

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2

1. Office Supplies

Office Supplies Total Spend Pie Chart

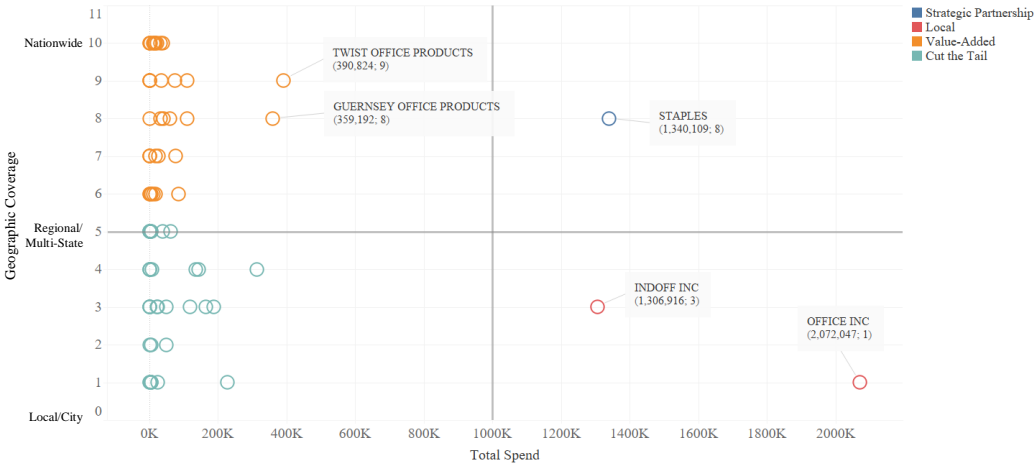


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1. Office Supplies

Office Supplies Strategic Matrix Plot

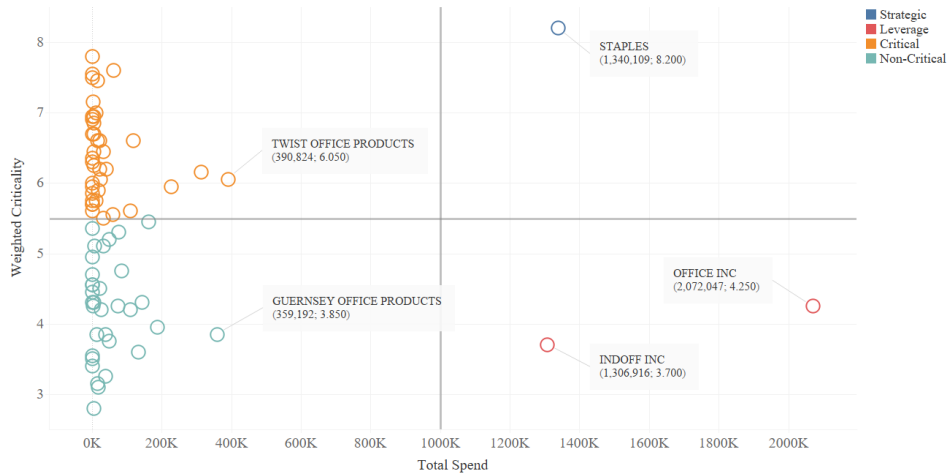


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1. Office Supplies

Office Supplies Total Spend vs. Weighted Criticality Plot

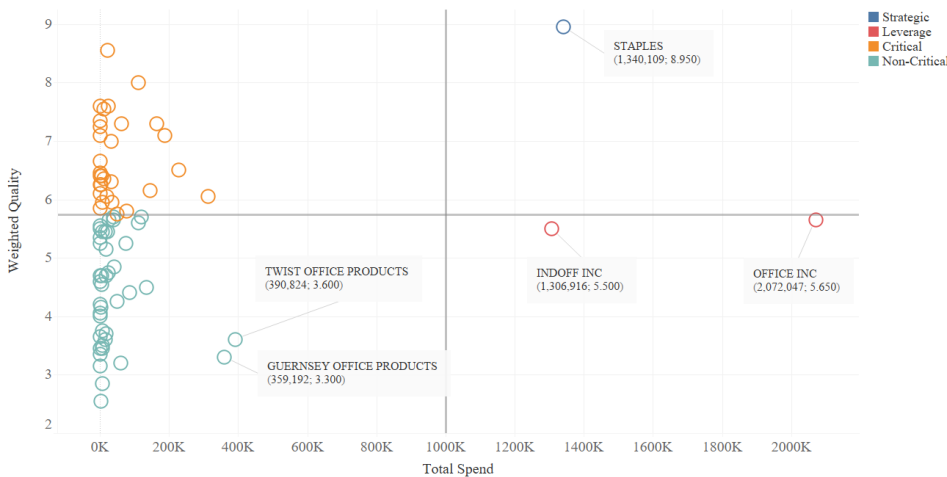


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1. Office Supplies

Office Supplies Total Spend vs. Weighted Quality Plot

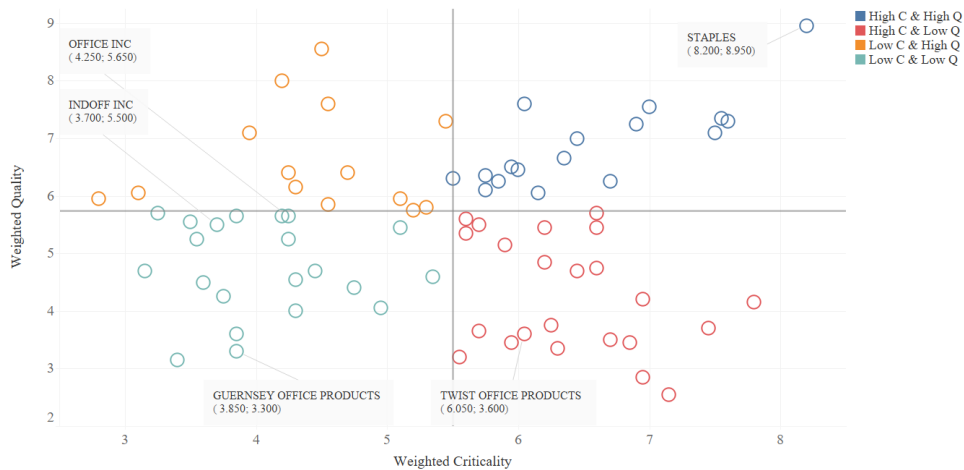


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1. Office Supplies

Office Supplies Weighed Criticality vs. Weighted Quality Plot



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1. Office Supplies (Recommended Strategy: 1 supplier)

Category Characteristics: common commodities that can be easily replaced.

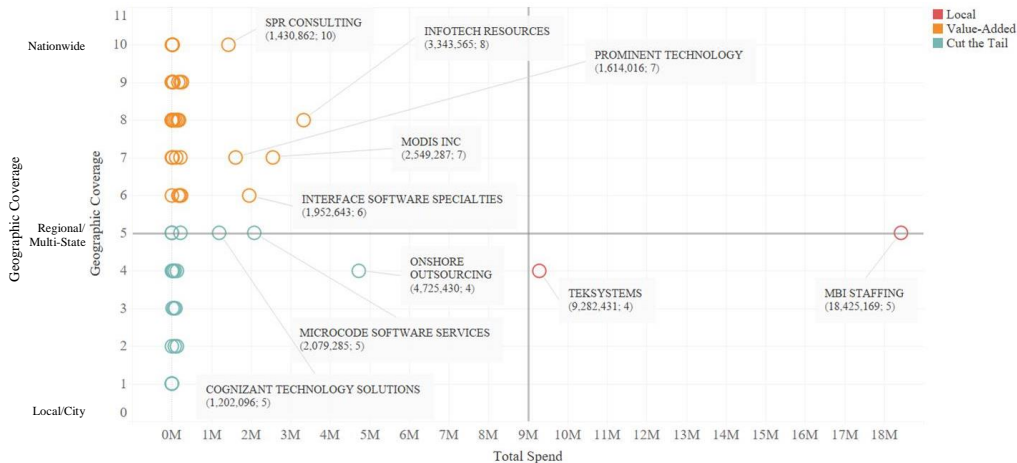
- Focus on suppliers with a spend greater than 200K.
- One single strategic supplier, Staples & Schoks, has high Criticality/Quality scores.
- Local suppliers (Office Inc & Indo-Off) and value-added suppliers (Twist & Shine and Guernsey Best) do not have comparable Criticality/Quality scores.
- There is no remarkable cut-the-tail suppliers with high Criticality/Quality scores.
- Savings Opportunity (discounts):
 - Current total spend: \$8M; Staples & Schoks spend: \$1,340,109
 - Staples & Schoks: $10\% + (\$6M/\$2M) \times 5\% = 25\%$ (total savings of \$2 million)
 - Indo-Off.: 15%
 - Guernsey Best: 30% for over \$5M (total savings of \$1.5 million), but Guernsey Best being a local supplier cannot get to \$5 million as it cannot supply nationwide

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2. Contingent Labor

Contingent Labor Strategic Matrix Plot

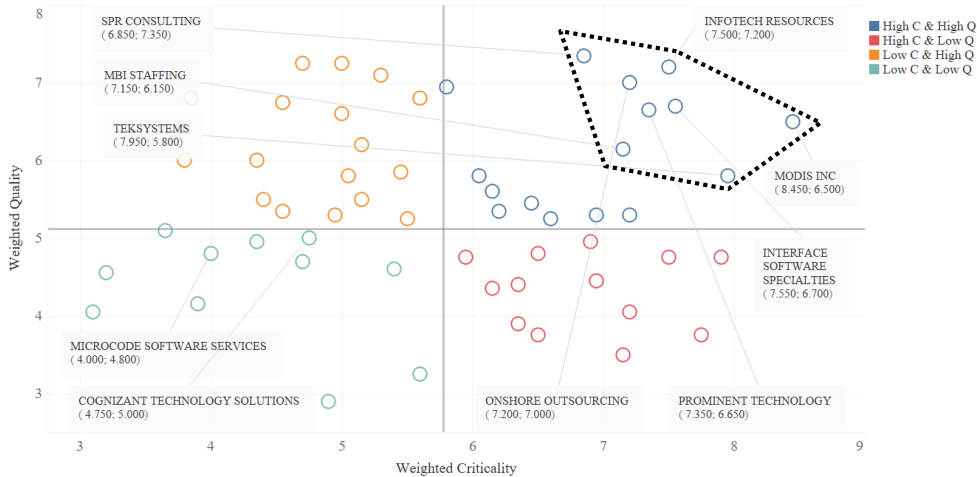


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2. Contingent Labor

Contingent Labor Weighted Criticality vs. Weighted Quality Plot



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12

2. Contingent Labor (Recommended Strategy: 8 supplier)

Category Characteristics: contingent labor sub-categories provided by certain suppliers are crucial.

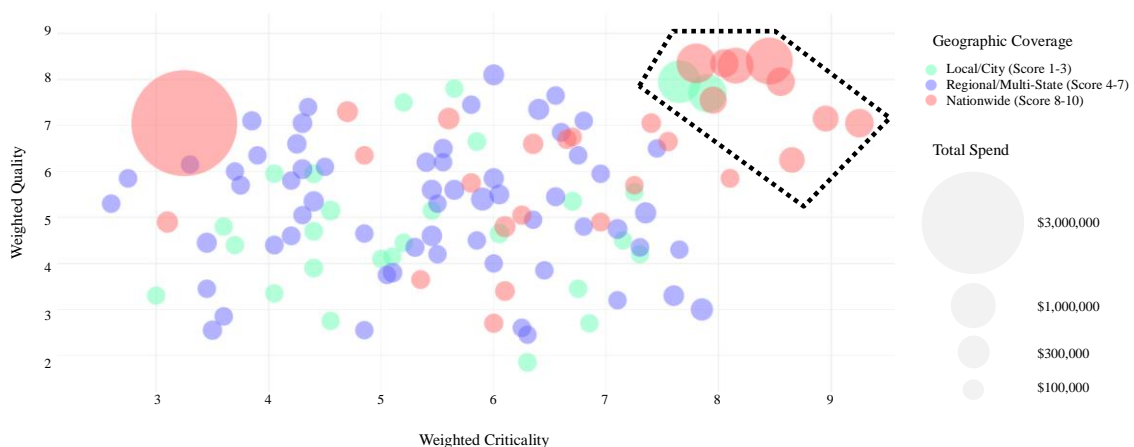
- Focus on suppliers with a spend greater than \$1M.
- There is no strategic supplier, so look into other segments.
- Local suppliers (MBI Crew and Ek Data) have good Criticality/Quality scores.
- The five value-added suppliers have competitive Criticality/Quality scores.
- One cut-the-tail supplier (Onshore) have high Criticality/Quality and thus cannot be cut off.

13

13

3. Legal Services

Legal Services 4-D Bubble Chart

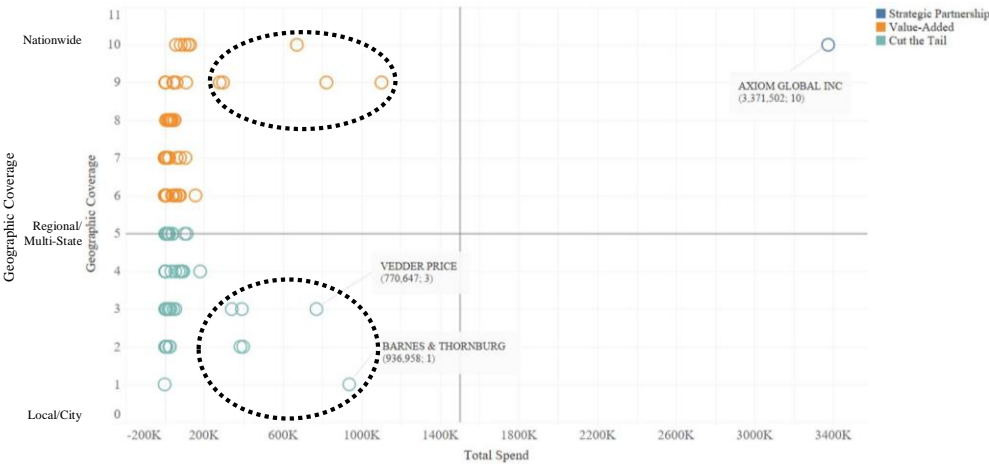


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3. Legal Services

Legal Services Strategic Matrix Plot

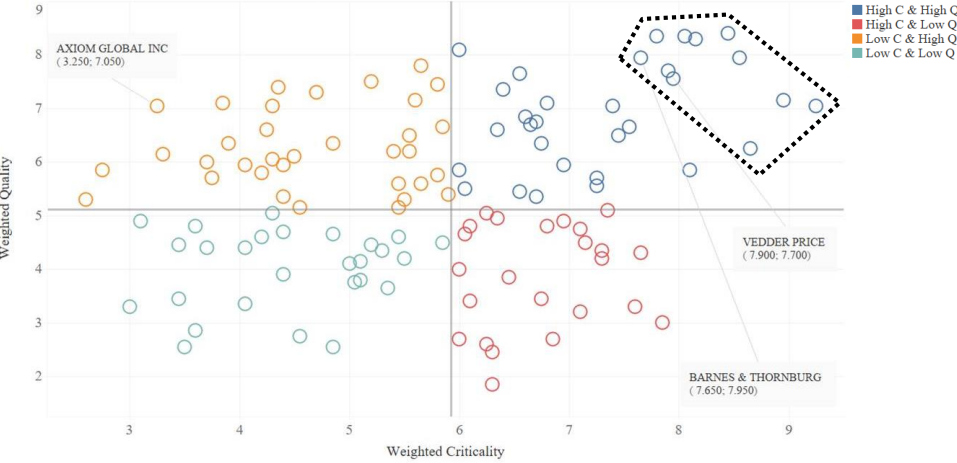


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3. Legal Services

Legal Services Weighed Criticality vs. Weighted Quality Plot



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16

3. Legal Services (Recommended Strategy: 11 supplier)

Category Characteristics: suppliers that are a specialist of a particular legal service may stand out from others.

- One strategic supplier, Axiom, is not very critical.
- There is no local supplier, so look into other segments.
- The five value-added suppliers have high Criticality/Quality scores.
- The six cut-the-tail suppliers also have high Criticality/Quality scores and thus cannot be cut off.

17

17

Conclusion

Did we achieve our goals?

- To construct key conceptual frameworks of procurement and related strategies,
- To understand the idea of supplier rationalization and related analytical factors,
- To formulate strategies through data analyses and metric comparisons.

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18

18

What's next

Success does not necessarily come from innovative strategy and rigorous analysis alone, but from effective implementation.

- Phase 1: Effective communication, flawless execution, internal stakeholder management
- Phase 2: Deeper supplier relationship management

19