



# Case Story

## Shanghai region, production company with +1.000 Employees.

### Symptoms

- High cost on purchases and outsourcing.
- Strong resistance to changes/optimization in supply chain.
- Powerful threshold to single suppliers/partners.



### Root Causes

- Benchmarking confirmed the threshold to suppliers to be unhealthy and expensive.
- Suppliers have a powerful and negative influence on organization.
- Missing transparency in purchases and organization.
- Substantial risks in contracts and documentation.



### Actions

- Maintain supply chain and outsourcing team during change management phase.
- Screen, identify and implement new suppliers on major cost spend (20/80).
- Substitution of business destructive people in purchase organization.



### Results

- Savings of totally CNY 41.000.000/year contracted, and 50% implemented upon exit.
  - Purchases CNY 23.000.000
  - Outsourced processes CNY 18.000.000
- Increasing compliance and reducing risks in supply chain.
- Delivery assurance increased by implementing Dual Sourcing on major categories.



### Example:

- Primary commodity purchase, reduced in handling cost by approx. 70%/18mill.

