

Global Leader in Powersports

BACKGROUND

A \$8B worldwide leader in the design, manufacture and marketing of powersports vehicles (off-road and on-road) with 19 manufacturing locations located around the globe. Although they were market leader, they were facing strong competition leading to margin compression. Frequently subjected to a "New Part Tax" on model year changes. Procurement emphasized annual rebates rather than getting the best price up front. Supply base was highly fragmented driven by a "three quote system".

APPROACH

Conducted a tailored spend diagnostic leveraging spend data from multiple MRP systems, including the analysis and categorization of \$3B of addressable spend

Executed a rigorous strategic sourcing process in over multiple waves covering direct materials and logistics/transportation services:

Wave 1: Fabrications (Stampings, Weldments, Raw Tubing, Exhaust, Spring/Wire, Heat Shield), Plastics (Resins, Injection Molding and Non Injection Molding), Driveline (Gearcases (Transmissions), Front Drives, Half Shafts, Prop Shafts, Jack Shafts), Casting and Machining (Crankcases, Cylinders, Heads, General HPDC, LPDC, Investment, Ductile), Logistics (Deck, Dry Van, Intermodal, LTL, Ocean), Batteries (Starters and Traction)

Wave 2: Wheels, Tires and Rubber (Cast Aluminum and Steel Wheels, Tires, General rubber, Belts, Tracks), Powertrain (Crankshafts, Gears, Throttle Body, Bearings, Pistons, Oil/Water Pumps, Starters and Pinions, Camp Shaft/Decomp, Connecting Rods, Cam Drive, Turbochargers, Fuel Rails, Valves, Clutches), Electrical (Wire Harnesses, Winch Systems, Electrical Power Steering, Sensors, Switches, Mechatronic Rider Controls, Lighting Solutions, Audio Systems, Electrical Controllers, Alternators/Stators/Flywheels, Voltage Regulators, Starter Solenoids, Ignition Coils)



IMPACT METRICS

OVER
\$165M
annualized savings

OVER
40%
supplier rationalization

"The proof of the process became clear through the pandemic. The suppliers identified by the transformation teams performed 50% better on delivery and 40% better on quality when compared to prior suppliers despite the global supply challenges

— VP Strategic Sourcing

APPROACH, continued

Utilized Dedicated full-time cross functional teams: Purchasing, Engineering, Quality, Manufacturing, Aftermarket, Finance

Led Collaborative effort, ensuring contributions from all plant locations ensuring support and buy -in from key stakeholders

RESULTS

Delivered \$165M (~12.4%) in annualized savings across 2 waves of categories. Wave 3 on target to add an additional \$65+M (~14%) in savings.

Non-Price Benefits:

- Over 40% Supplier Rationalization
- Improved quality (lower PPM guarantees)
- Better on-time-delivery (During pandemic, selected suppliers out -performed other incumbents on delivery and quality by 50% and 40%, respectively)
- Established contracts with all strategic suppliers
- Improved Service Part Pricing Structure
- Transparent Pricing Model that eliminated the "New Part Tax"
- Working Capital improvement (payment terms and inventory)
- Transition support

Institutionalized approach and key learnings in order to ensure long -term sustainability. Trained over 140 professionals in Sourcing Methodology, Effective Presentations, Site Visits, and Negotiations.

ABOUT CLAUDIA

Over the last three decades, our team has delivered more than \$1B in documented client savings across industries, driving measurable value at an ROI of 615X.

Contact us today to start a conversation around how we can help you.