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# **Simplification: The New Global Sourcing Strategy**

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**APICS - Michiana Chapter, 10 March PDM Session**

**Joe Matthews, Consultant**

Telephone +1.617.235.7268

Fax +1.617.235.7264

Mobile +1.617.378.5051

Email to: [Joseph.Matthews@ManagementEngineers.com](mailto:Joseph.Matthews@ManagementEngineers.com)

[www.ManagementEngineers.com](http://www.ManagementEngineers.com)



**MANAGEMENT ENGINEERS**

Consulting to Completion

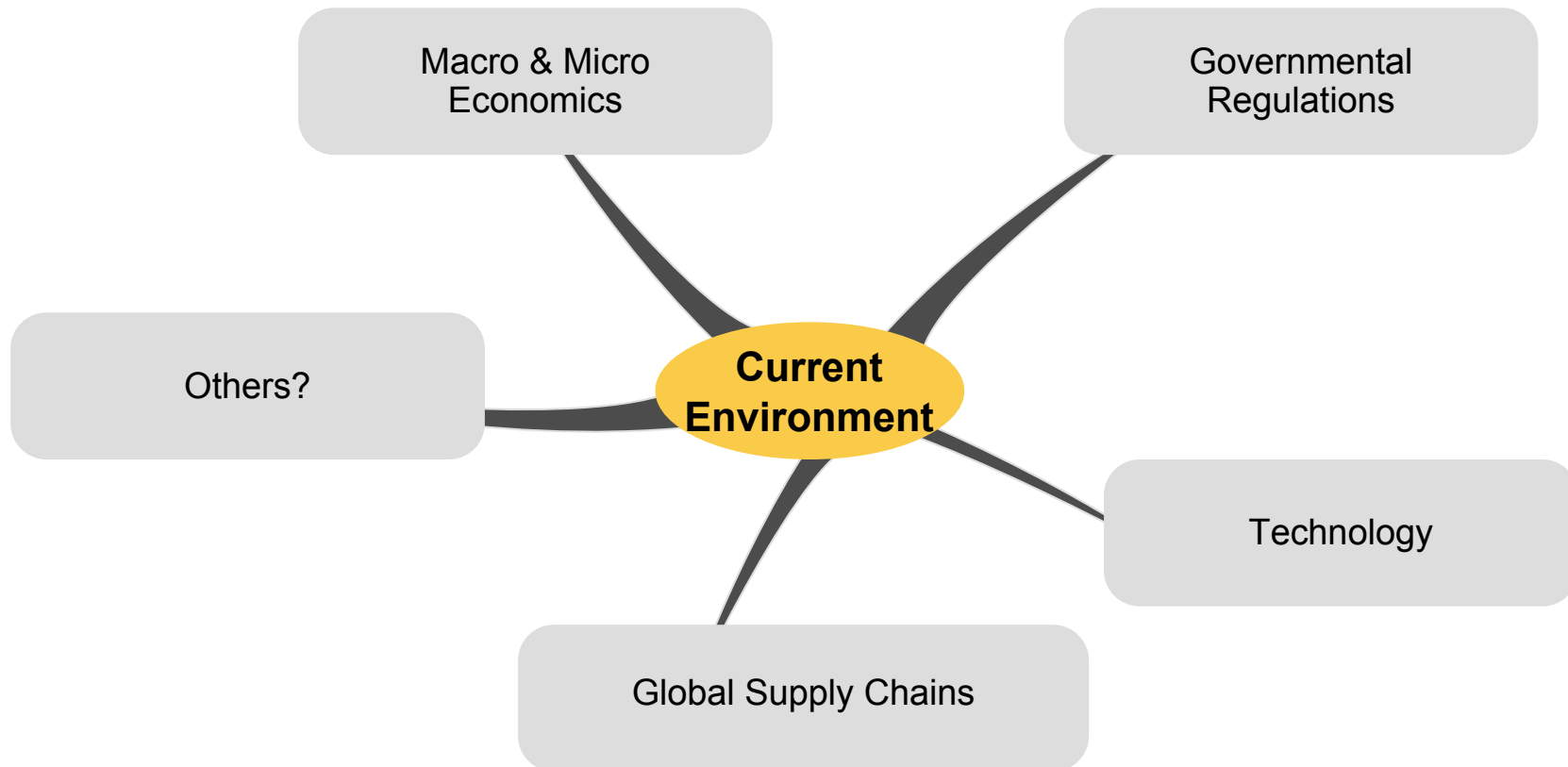
## **AGENDA**

- 1. What is driving the need mitigate complexity in the current sourcing strategies?**
- 2. How do the symptoms of complexity appear in the organization?**
- 3. What are the key learnings that can be applied to reduce complexity and increase simplicity as it pertains to sourcing strategies?**
- 4. Q & A**
- 5. Brief background about Management Engineers**



## What is driving the need to remove / reduce / mitigate complexity in sourcing?

Combination of factors all driven by changes in the current environment.



***“How did you go bankrupt? Gradually,  
then Suddenly”***

**The Sun Also Rises**  
Ernest Hemingway

## How do the symptoms of complexity appear in the organization?

It is manifested both internally and externally to the company.

### INTERNAL SYMPTOMS

- **Matrix Organizations** – With whom to work?
- **Component Architecture** – How to identify what is being purchased?
- **Multiplicity of Systems** – Where is the data stored?
- **Metrics** – How is performance measured?

### EXTERNAL SYMPTOMS

- **Supply Base**
- **Regulatory and Labor Guidelines**
- **Supply Chain Disruptions**
- **Consumer Recalls**
- **Financial Performance**



# **What are the key learnings that can be applied to reduce complexity and increase simplicity as it pertains to sourcing strategies?**

Insights will be organized by three areas as it pertains to the organization.

## **1. Inputs**

## **2. Functions and/or Processes**

## **3. Outputs**

## **Understanding the Outputs first will help to set the framework for the key learnings.**

What is the primary goal of the organization?

Key Learnings:

- #1: Distinguishing between the company's customers and consumers.
- #2: Get and maintain relationships to the groups that interpret customer preferences into internal requirements for the company.
- #3: Know the intermediary steps between your company's finished goods and the customer and consumer.



## **Moving onto the Inputs indicates a broadening of sourcing's role.**

### Key Learnings:

#4: It's not just about material costs.

#5: Have one face to the supply base but with “controlled” contact points.

#6: In regards to assessments, go as deep into your supplier's supply chain as needed to ensure they have the right capabilities.



## **Be an involver of others in regards to Processes and Functions**

### Key Learnings:

- #7:** Find a systemic way for engineering (parts and/or design), quality, logistics and manufacturing to be involved in the sourcing process.
  
- #8:** Be a conduit for bringing new component ideas / concepts into the organization.
  
- #9:** Provide the methods for the organization to understand the cost impact of decisions (Forward and Rear facing).

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# Q & A

# MANAGEMENT ENGINEERS at a Glance (1 of 3)

MANAGEMENT ENGINEERS provides top international consulting services



Facts and Figures
<ul style="list-style-type: none"> <li>■ Owners: 17 partners</li> <li>■ Revenue 2008: \$ 115m</li> <li>■ 175 consultants</li> </ul>

Offices
<ul style="list-style-type: none"> <li>■ Brazil: São Paulo</li> <li>■ China: Hong Kong, Shanghai</li> <li>■ Germany: Düsseldorf, Munich</li> <li>■ UK: Birmingham, London</li> <li>■ USA: Boston</li> </ul>

Consultants' Profile
<ul style="list-style-type: none"> <li>■ All consultants have industry experience</li> <li>■ Functional and methodological expertise</li> <li>■ Extensive strategy, marketing, operations, M&amp;A, supply chain and general management experience</li> </ul>

Industry Focus
<ul style="list-style-type: none"> <li>■ Aerospace</li> <li>■ Automotive</li> <li>■ Chemicals &amp; Life Sciences</li> <li>■ Electronics</li> <li>■ Financial Services</li> <li>■ Manufacturing &amp; Engineering</li> <li>■ Utilities</li> </ul>

Sample Clients

## MANAGEMENT ENGINEERS at a Glance (2 of 3)

**MANAGEMENT ENGINEERS is a mid sized, independent international top management consulting company**

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- A vertical timeline with a downward-pointing arrow on the left side. Each year is enclosed in a small white box with a black border, followed by a text block describing the event.
- 1960's** The INGERSOLL MILLING MACHINE COMPANY, a leading machine tool manufacturer from Illinois, formed a consulting subsidiary to advise its own customers
  - 1970's** The consulting group followed the expansion of its parent company to Great Britain and later to Germany and France
  - 1988** In a management buyout, spearheaded by a German effort, the worldwide consulting companies – by this time re-named INGERSOLL ENGINEERS – separated from the INGERSOLL group and continued their activities independently
  - 1994** The German company changed its name to MANAGEMENT ENGINEERS, a term that has since been trademarked internationally for results-oriented consulting
  - 2004** Opening of the London, UK, and the Sao Paulo, Brazil office
  - 2007** Opening of the Birmingham, UK and the China offices
  - 2008** Back in the US: Opening of the Boston office
  - 2009** Opening of the Madrid office

- Focused on improving the bottom line of enterprises
- A full-service consultancy with focus on holistic cost management, product-oriented growth strategies, holistic reengineering of enterprises, and support of individual core processes
- ME consultants are specialists in implementation and have extensive professional and management experience. ME has supported the implementation of over 75 percent of all proposed projects
- Mid sized, with a revenue of US\$ 115 m in 2008, and over 175 consultants; totally independent, privately owned by active partners
- Top-segment ranking in terms of competence, reputation, and client representation
- Managed 368 projects for 145 clients in 2008



## MANAGEMENT ENGINEERS at a Glance (3 of 3)

### Products – Areas of Activity



**Products  
and  
Services**

- Value growth management
- Procurement excellence
- Value-add network
- Working capital management
- Service / after sales
- Production system
- Value engineering / product value design
- Development efficiency
- Pricing
- Sales increase program
- Supply chain management
- Capacity management
- ....