



# Florida's Second Annual Manufacturing Summit

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## Optimize & Effectively Manage Your Suppliers

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# Effectively Manage

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- ◆ Performance Management
- ◆ Select on *Total Cost*
- ◆ Minimize number of suppliers





# Performance Management

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- ◆ Need objective data
- ◆ Measure what counts
  - On-time Delivery
  - Quality
  - Accuracy (Delivery, PO, & Invoice)
  - Service
- ◆ Give them a Report Card
- ◆ Utilize technology to help you



# Select on Total Cost

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- ◆ Not “Purchase Price”
- ◆ Other “costs” that you are paying for
  - Incoming Inspection
  - 3 R's
  - Extra Handling
  - Transportation
  - Management Time
  - Excess Inventory
- ◆ Outsource if not core competency



# Minimize Number of Suppliers

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- ◆ Eliminate Non-Performers
- ◆ Reward the best suppliers
- ◆ More than one on critical items only
- ◆ Why?
  - Lowers managing cost
  - Leverages buying power
  - Simplifies Accounts Payable
  - Lowers transportation costs through consolidated deliveries



# Optimize

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- ◆ Location - Buy closer to home
- ◆ Think “collaborator” not “adversary”



# Buy Closer to Home

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- ◆ Reduces Total Cost
  - Reduce transportation costs
  - More deliveries of smaller quantities
- ◆ Facilitates face-to-face interaction
  - Easier to see capabilities
  - Easier to resolve issues
- ◆ Keeps it in the Florida Family



# Collaboration

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- ◆ Adopt a collaborative philosophy
- ◆ Share design applications
- ◆ Work on cost reductions together
- ◆ Share your “win” by giving more business to them





# For More Information:

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## **The Denmark Group, Inc.**

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