

► Sourcing Optimization

Let BMGI address your strategic sourcing and procurement challenges



For many years, BMGI has helped clients address their strategic sourcing and procurement challenges. We can train your Green Belts, Black Belts, Lean experts or we can provide consultants to work with your team to expedite cost savings. When it comes to sourcing, we take a total cost of ownership approach, focusing as much on commodity prices as the total acquisition cost and proper inventory levels as well.

Our Approach to Sourcing Optimization

BMGI has several training and consulting processes that will help your sourcing and procurement teams reduce spend and build sustainable purchasing processes.

The following is a list of Project Areas where our clients have had repeated success:

- ❑ **Spend Assessment:** BMGI Master Consultants are experts in data analysis using many software platforms. Working with your team, we will analyze your spend by commodity, supplier, internal department, or other stratifying factor to identify the areas most ripe for cost reduction. Once we have identified the areas that can provide your organization with the largest return, we can step the Lean Six Sigma process steps to help you capture the savings.
- ❑ **Systems Optimization:** Like any other part of your business, your IT systems need to be continually re-evaluated for the effectiveness. That ERP deployment you did two years ago is already dated. BMGI's proven methodology ensures that your procurement process automation is still meeting the metrics you need to maximize your spend management.
- ❑ **Inventory Reduction Analysis:** Reducing inventory, and work in progress means you spend less. This is true for manufacturing and it is true for service companies, who don't always have a system for tracking the cost of their work in progress. We focus on leaning out your processes to help you optimize the inventory you need to have on hand.
- ❑ **Payable Practice Optimization:** We call this the "25%+ Rate of Return" area. One of the easiest ways to reduce spend is by taking advantage of early payment discounts. Many companies are unable to process a payment within a 10 or 30 day window to take advantage of these discounts. BMGI proven methods can show you how to eliminate unneeded process steps and streamline payment approval optimization. Remember a 2%/10 day discount has an annualized rate of 36%. Even when you factor in the cost of money during that 20 day period, your ROI is easily in excess of 25%.
- ❑ **Transaction Cost Elimination:** We have all read the studies, it costs \$110 to create an invoice, it costs \$85 to produce an Accounts Payable check, etc – pick your number. The cost of processing transactions are significant. These costs pile up because of inefficient processes. BMGI clients have saved millions by reducing and eliminating the non-value added process steps and variations that cost your company money every single day.

(continued)

"BMGI's Initialization process was very thorough - it gave us the ability to address all the things we needed to consider, that we would have never considered on our own."

– Bob Crescenzi
NewPage Corporation

KEY OUTCOMES

- ❑ Reduce spend and build sustainable purchasing processes.
- ❑ Greater ROI on training and/or consulting investments.
- ❑ Lean your processes for inventory optimization.
- ❑ Reduce procurement cycle times.
- ❑ Implement systems to ensure improvements are maintained for the long-term.

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Getting Started

BMGI has two services that focus on getting Sourcing teams focused on selecting the best projects to ensure the greatest ROI on your training and/or consulting investment:

- ❑ **Value Stream Analysis:** Today's sourcing professionals need to be able to visualize the entire value stream – the sequence of inputs and steps to produce a project or a service – and not just the internal processes. Our approach to value stream mapping involves internal staff as well as supplier representatives. Only through understanding the entire value stream can sustainable savings be achieved and long term relationships maintained.
- ❑ **Procurement Process Assessment:** Drawing on hundreds of engagements helping clients transform large and small elements of their business, BMGI uses an end-to-end Value Stream Assessment method. This method "maps" your processes from suppliers, throughout your cross-functional organization to your customers. Our proven process is very heavy on data collection and continuous data analysis techniques. This approach has enabled BMGI clients to slash procurement cycle times by up to 80%.

More Information

For more information about Sourcing Optimization, please call 1-800-467-4462 or visit www.bmgi.com.

"We chose BMGI just simply because of their people. The expertise that they had, the professionalism that they had, the depth that they had within the organization."

– Doug Spears
Tamko



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