

## Consulting

# Navigating Rough Economic Times with Savvy Strategy Delivers Long-Term Benefits

By Bill Michels, CEO, ADR North America

**A**s we approach 2009, there is little doubt that most companies and their supply chain management professionals will be challenged by increasing interest rates, inflation, supplier bankruptcies and increasing global competition for business. While 2009 will bring its share of risks and threats to business, it will also provide many opportunities for those companies with a well defined strategy, competent staff, and strategic purchasing and supply management plan to be executed.

The Chief Executive, Chief Financial Officer, VP Supply Chain, and Chief Procurement Officer must act rapidly to assess the purchasing and supply chain organization's talent, competence, and process to determine if the purchasing and supply chain team is capable of developing a plan that results in revenue generation. Since it will be difficult if not impossible to grow the top line in 2009, making cost and value improvements will be key business priorities.

Here are 10 Key Strategies to navigate

- 3) Reorganize supply chain and procurement to maximize value delivery and business leadership.
- 4) Create aggressive cost and value improvement targets and develop a process that assures business integration and alignment across the entire enterprise.
- 5) Develop a conditioning campaign for internal and external stakeholders.
- 6) Develop a key supplier message and supplier summit strategy to assure that the supply base is aligned with the corporate strategy.
- 7) Using a lean methodology, approach the entire supply chain to reduce waste and generate savings across the chain.
- 8) Collaborate with suppliers to continuously improve cost, delivery and price.
- 9) Collaborate with suppliers to increase innovation and exclusive access to innovation.
- 10) Move to a cost-based procurement program rather than a price-based program.

These 10 strategies are vital to navigating the current economic storm. A weak undeveloped team, misaligned organization, undeveloped supply base and competence gap can cost your organization in more ways than the cost of the resource. In economic downturns, companies need a procurement and supply chain team that is capable of generating incremental revenue and cost and value improvement to maintain profitability when top-line sales are not growing.

ADR, a specialty niche consulting firm focused on purchasing and supply chain management, has successfully enabled exceptional performance from ordinary people for over 20 years, developing today's global procurement and supply management leaders. Our work with over 200 clients in 50 countries has enabled ADR to be an undisputed leader in procurement and supply chain consulting.

## Benefits

*"The net impact of ADR's contribution was measurable improvement in cost competitiveness during a sustained period of rising commodity markets. The European operation benefited in terms of cost containment that enabled us to improve our overall profit targets."*

European Operations Director, Scapa Group

tough economic times:

- 1) Develop a Baseline and Benchmark Assessment for measuring the current state compared to your desired future revenue generating state.
- 2) Assess the competence and capability of the current team and build a customized development initiative to quickly close any gaps and assure that the team has the tools to meet your business objectives in these key areas:
  - Strategic Negotiations
  - Cross functional/business processes
  - Cost and price analysis
  - Post contract supplier management
  - Supply chain integration and development

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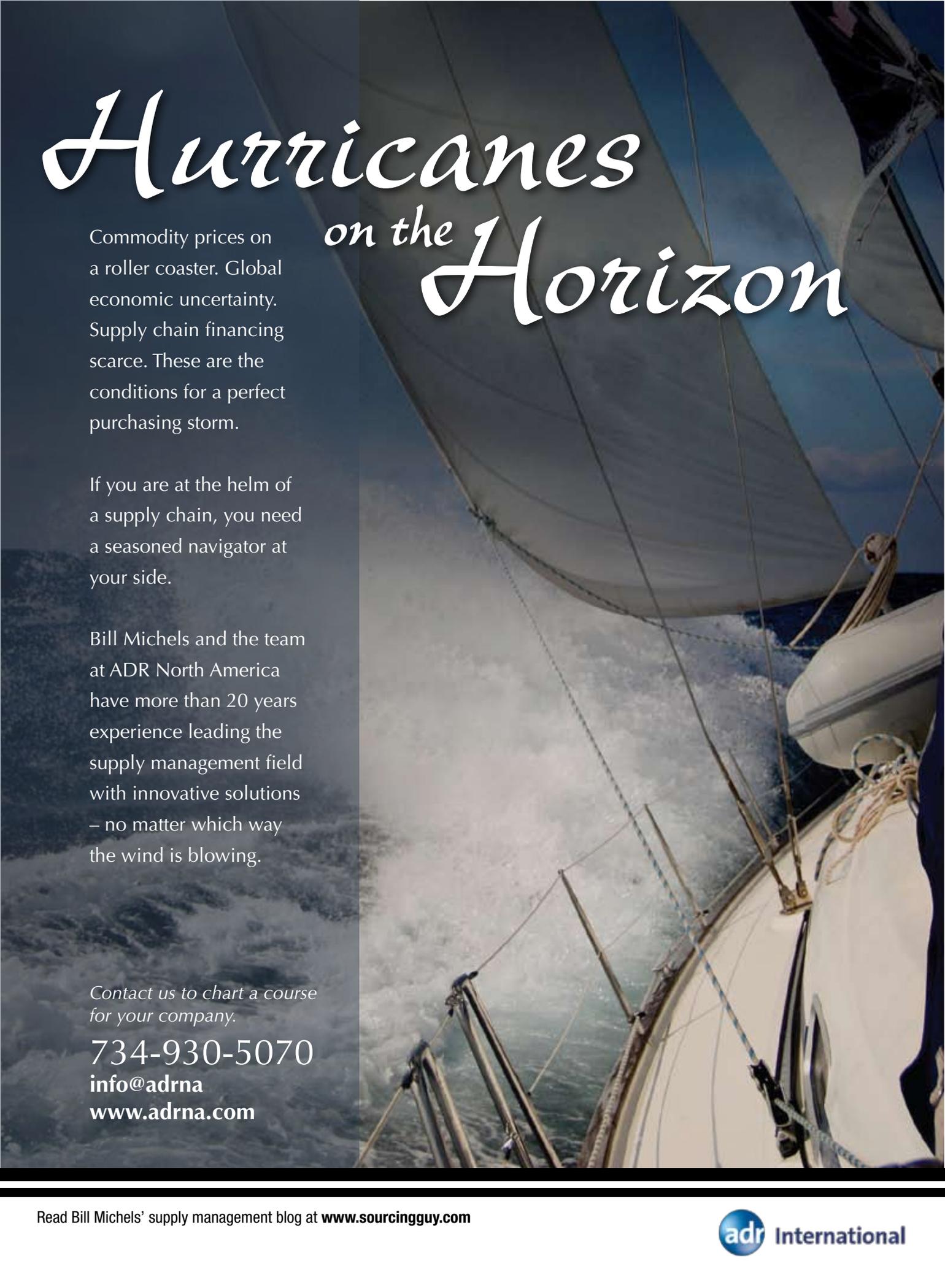
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# Hurricanes on the Horizon

Commodity prices on a roller coaster. Global economic uncertainty. Supply chain financing scarce. These are the conditions for a perfect purchasing storm.

If you are at the helm of a supply chain, you need a seasoned navigator at your side.

Bill Michels and the team at ADR North America have more than 20 years experience leading the supply management field with innovative solutions – no matter which way the wind is blowing.

*Contact us to chart a course for your company.*

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