

Xcellerator™ Generates ROI for Manufacturing Firm

Business Issue

A major manufacturer's world-class purchasing organization teamed up with 4ROI, a leader in performance improvement tools, to implement an Internet-based Supplier Quality Management system (SQM). The system was implemented to generate the highest value supplier relationships possible.

Solution

This system tracks supplier quality and value-add; provides an immediate conduit for addressing quality issues; and automatically calculates total cost of ownership for any purchased material. The objectives are straightforward; continually work more effectively with suppliers to:

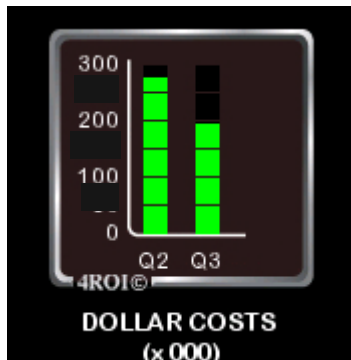
- Improve supplier value
- Reduce costs

The SQM rollout included system training to ensure immediate use, and more importantly, skills training to bolster the collaborative skills needed to turn the SQM information into innovation and improvement on product value and cost reduction. Uniquely, in this case, both buyers and suppliers provide feedback to each other, which builds trust and partnership.

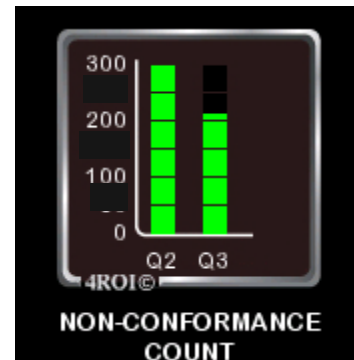
Outcomes

13:1 ROI in Cost Saving Alone

Armed with the SQM, in a single quarter purchasers and suppliers:



- Reduced Supplier Quality Deficits 35%
- Reduced Late Deliveries 23%



Looking at these types of quality improvements alone the SQM showed a **13:1 ROI for the entire intervention in a single quarter**. Add material cost savings, increased supplier value, and administrative efficiencies generated by this on-line system and the results are undeniable.

One Purchaser echoed the thoughts of many:

"This is great! It really is so easy to use...it definitely helps when we talk with suppliers."

**Results based on SQM results for Q2 and Q3 '06. Conservative NC costs were used to determine cost savings.*