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# Ensure Your Suppliers Are Recovery Ready



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**ATKEARNEY**

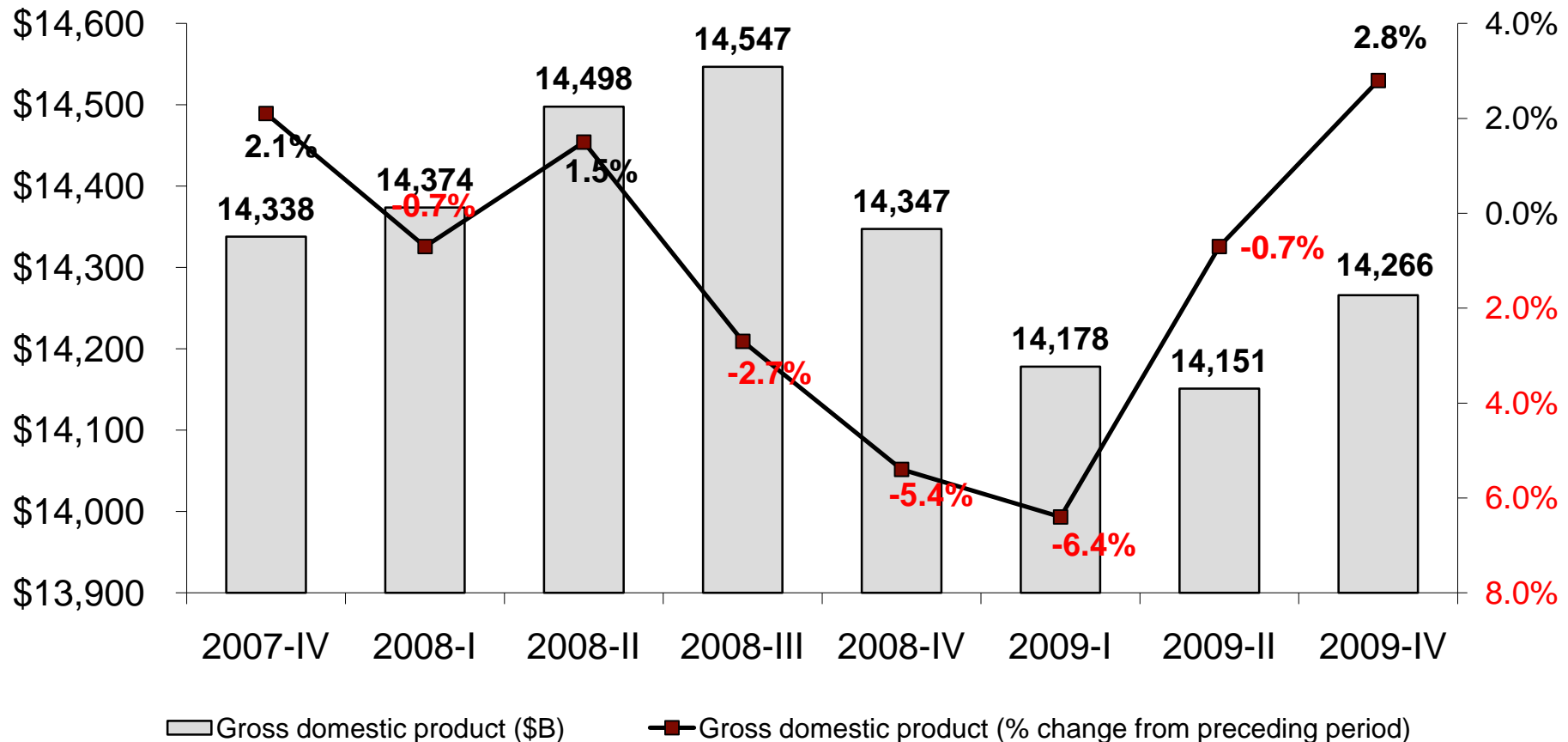
# Today's Discussion

- Have current economic conditions changed the balance between supply and demand power...and the case for competing or collaborating with suppliers?
- How are companies dealing with their suppliers?
- How many key suppliers should companies have...and how do they decide who is key?
- What does it take to have an effective collaboration capability?

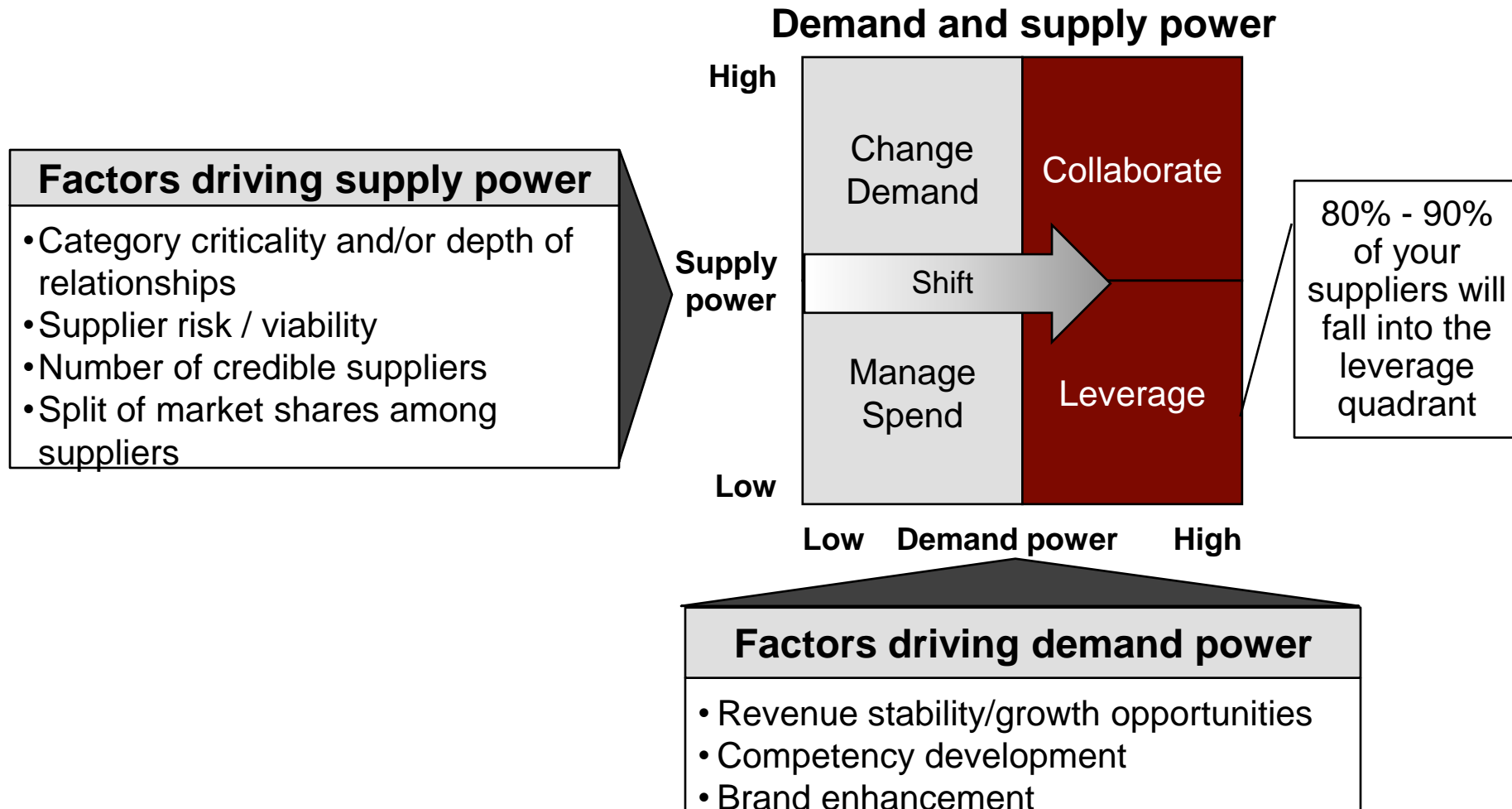
**Share results from our Key Supplier Collaboration survey**

# Current market conditions create an opportunity for companies to address their cost structure

## U.S. Gross Domestic Product (\$B)



# Today's economy has increased demand power



**How are you dealing with your suppliers?**

# Sample Best Practices

## Leverage

Optimization / Expressive  
Bidding

Reverse Auctions

Target Price Reductions

Supplier Consolidation

## Collaboration

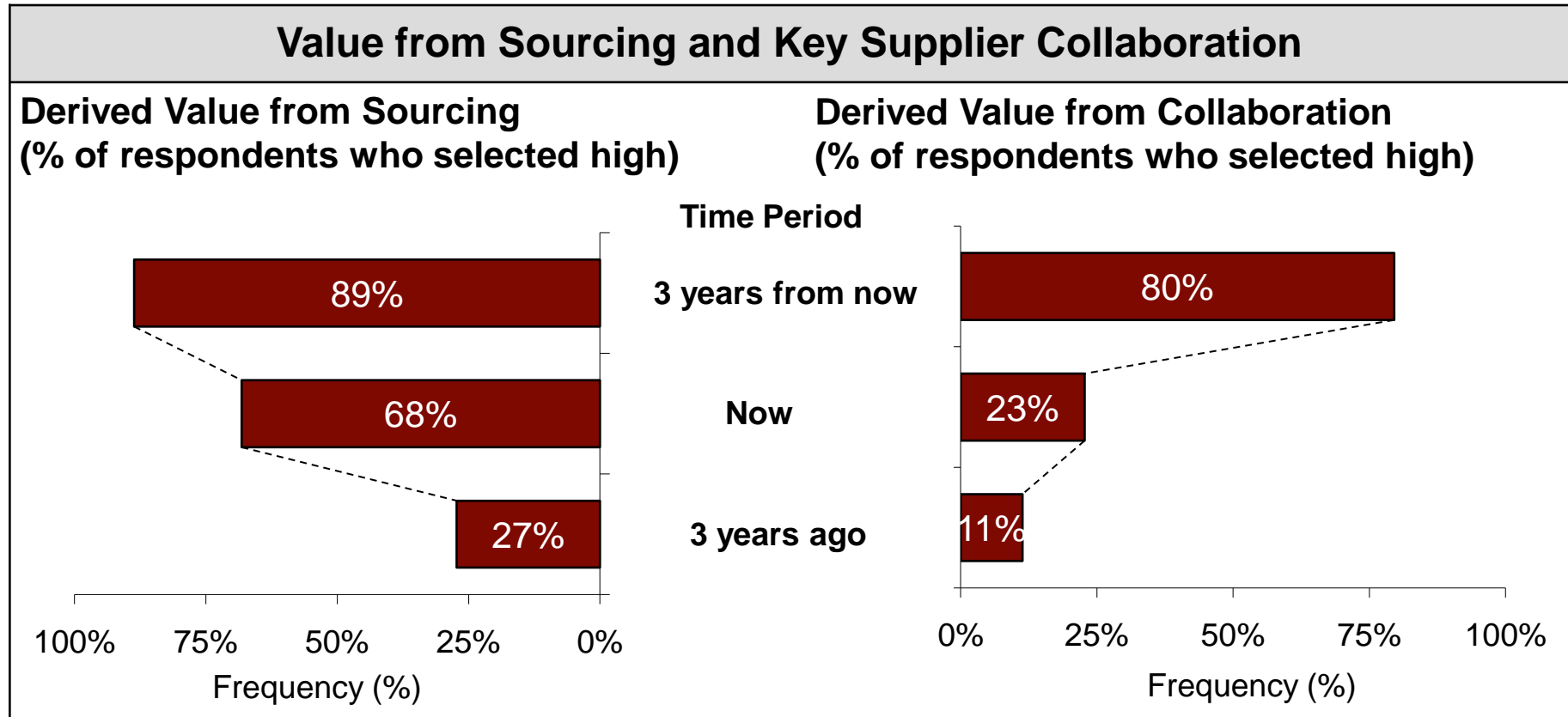
Strategic Alliance

Tiered Sourcing

Supplier Development

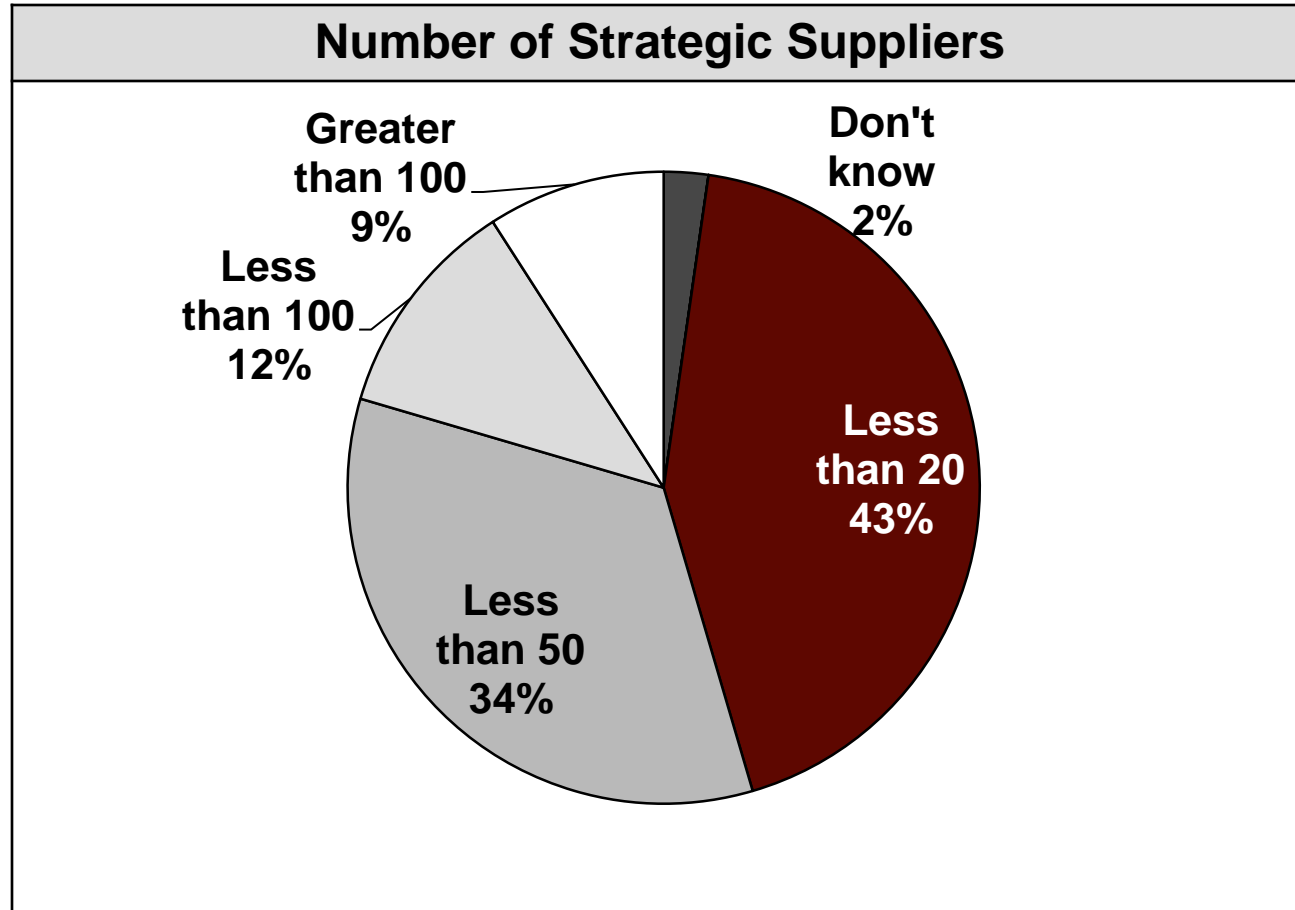
Project Based Partnership

# Companies expect collaboration to grow 8X faster than sourcing



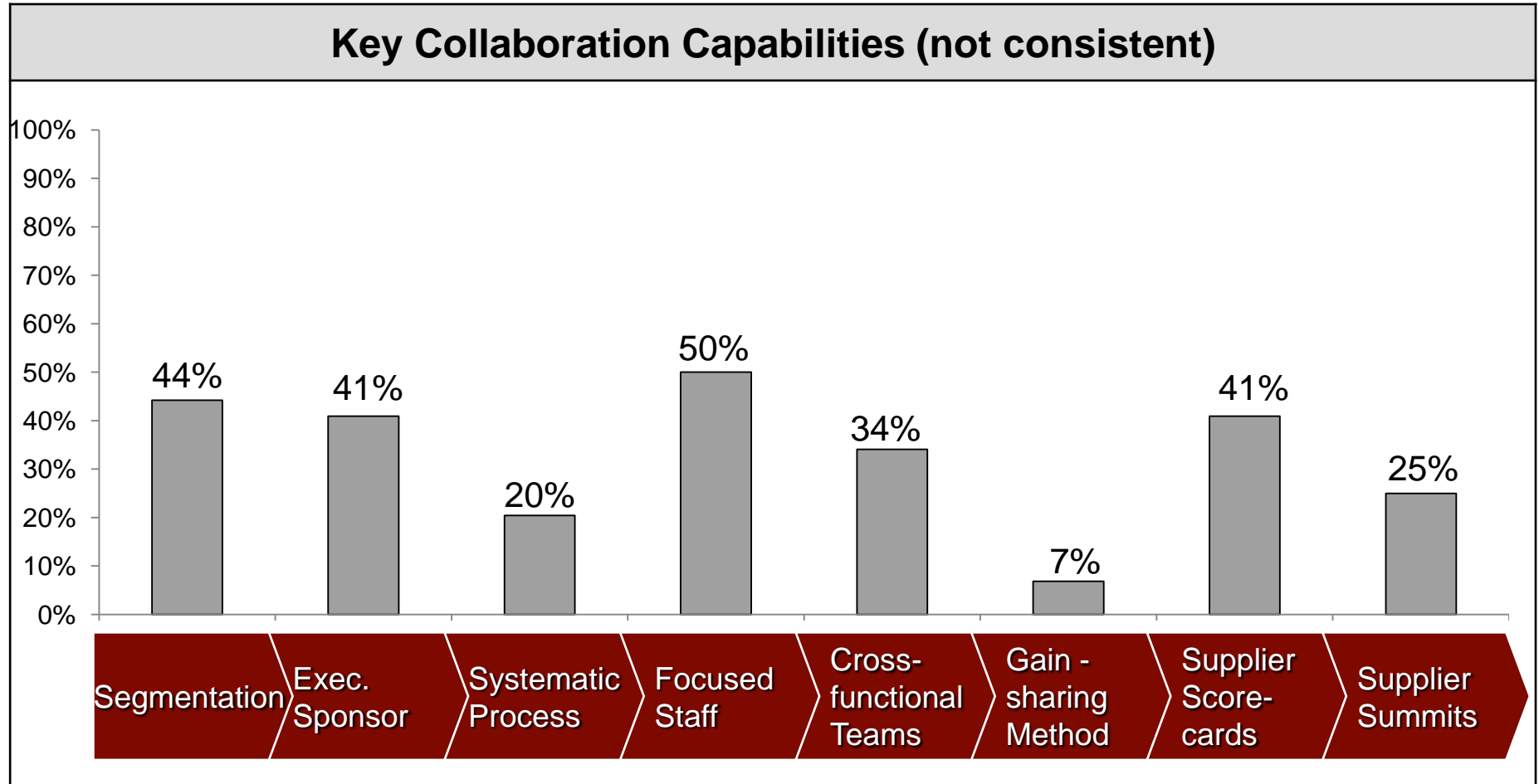
**Are we wasting a crisis?**

# Most companies have fewer than 20 key suppliers



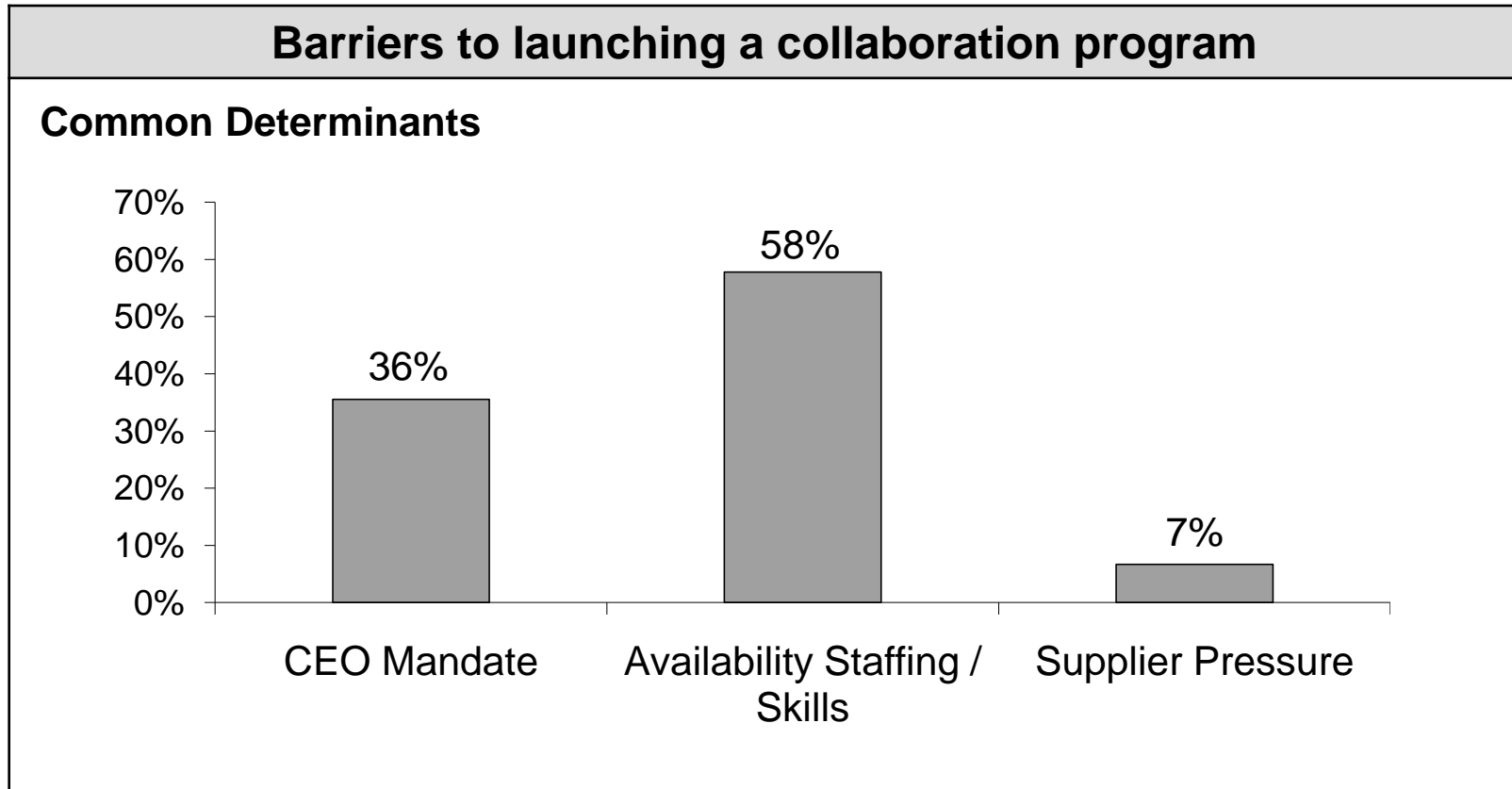
**What are the most common criteria?**

# Few companies have a comprehensive supplier collaboration capability





**...this is primarily due to a lack of resources (with the appropriate skills and process know how)**



**How do we gain control over these barriers?**

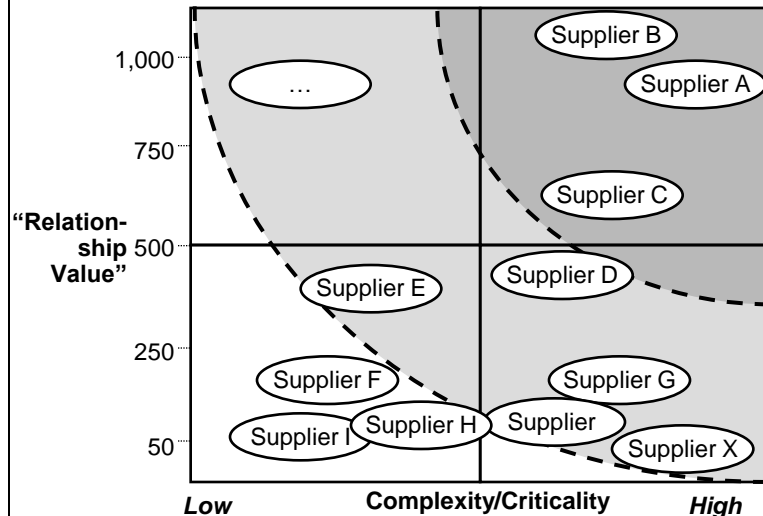
# Best practice is to establish a company wide process to drive value from collaboration efforts

## A.T. Kearney Key Supplier Collaboration Approach

### Phase 1: Getting Ready

Segment  
Relationship  
Base

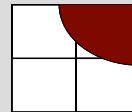
Assess Operating  
Model & Install  
Key Enablers



### Phase II: Getting It Done

#### “Supplier Centric Approach”

Track A



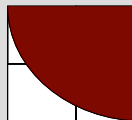
1 to 1 Initiatives

1 to 1 Initiatives

- Or

#### “Community Approach”

Track A/B



1 to Many  
“Theme based”

1 to Many  
“Theme based”

Key  
Enabler

Organize for Success