



**Price Squeezing**

- or -

**VALUE VAULTING**



**Making the Leap to Lowest Total Cost Supply Chain Relationships!**

**Y**our perception of your sourcing strategy, price versus cost, depends on whether you are the buyer or supplier. According to an industrial supply chain self-assessment of more than 40 companies, 70% of the buyers believe they purchase based on lowest-total-cost methodologies and collaboration. Suppliers see it differently, claiming the majority of buyers mistake price for total cost, and spend more time price shopping.

Perhaps buyers had a little bit of the “halo” effect in their assessment. Or maybe suppliers are simply disgruntled over the poor economy and tough business decisions that have followed. While buyers and suppliers may be disconnected on the purchasing focus, they both agreed an additional 8–15% in price/cost reductions remain in their supply chains.

They also agreed achieving the reductions requires aggressive collaboration as well as Six-Sigma based continuous improvement programs focused on lowest total cost strategies.

**EUREKA! Key characteristics of best practice strategic sourcing performance:**

- **Supply chain strategies integrated with core business, technology, and marketing strategies**
- **Shared Six-Sigma performance measurements, monitoring, and execution**
- **Decision process re-engineering versus business process re-engineering**
- **Continuous supply chain analytical and decision training**
- **Cross-functional supply chain infrastructure functioning at three levels: executive, managerial, and operations**



**Vault your supply chain into best practice performance. Call Steve Trecha to learn how (517) 381-4800 x219.**

The choice is yours: price squeezing or value chain vaulting—it’s the same as choosing failure or success, for

**Success is the Only Option!**