

Manufacturer’s Checklist to Maximize Value

How it All Begins

Activities like spend analysis or product reviews tend to sit idle due to a lack of manpower, time, tools, data access and appropriate skill sets. To determine whether it’s time to prioritize these activities, we offer the following checklist for taking a fresh look at your business.

Is this your organization?

Situation Description	Yes, this is us!
<i>Your product list keeps growing, but products are never removed from the list.</i>	
<i>The number of different parts being stocked in inventory and the dollar value of inventory on your balance sheet is growing.</i>	
<i>You’re purchasing many varieties of the same category such as fittings, bolts or O-rings and you don’t know if you’re overpaying for some of these.</i>	
<i>The procurement team lacks the analytical skills necessary to analyze company spend.</i>	
<i>You have no visibility into your overall procurement spend. Therefore, you don’t know where the greatest savings opportunities exist.</i>	
<i>You merged with another company and you each have your own set of suppliers.</i>	
<i>You’re not sure if your suppliers are in compliance with their contract promises.</i>	
<i>Employees are making adhoc purchases leading to maverick (unauthorized, off-contract) spend.</i>	

Spend Analysis and Product Evaluation

The significance of spend analysis is frequently underestimated. A 2013 Bain report found that companies using analytical techniques are actually twice as likely to be in the top quartile of financial performance, and five times as likely to make decisions faster than their peers.

These analytical projects can help identify savings opportunities with vendors, product offerings and inventory. In a world where the intelligent use of data is a competitive advantage, those that aren’t equipped to analyze their data yet should establish a path to do so.

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