

Key points
from
purchasing
strategy
session.

Strategy

1. Immediate Cost Reduction
2. Long-Term Cost Reduction
3. Hold Key Suppliers
4. Single Source
5. Buy Systems Wherever Possible
 - 1st Tier Suppliers to 'Sort' Out
 - 2nd Tier Suppliers
6. Maintain Supplier Loyalty

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Tactics — Overview

1. Establish Well Qualified, Well Trained, Articulate Purchasing "Clones"
2. Plan The Product By Product And Individual Product Campaign In Detail
3. Research Each Product Across The World
4. Send Out Inquiries Across The World
5. Establish Short And Long Term Price Targets — Go Very Low
6. Know Your Potential "Winners" Inside Out

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Tactics — Underlying Themes

1. Identify And Parade The Enemy
 - Not Our Company
2. Understand The Balance Of Power
 - Supplier/Our Company
3. Keep Taking The Temperature
 - e.g. Supplier Council
4. Offer (Exaggerated) Growth, The Plateau Vision And Gongs
5. Start Working With The Potential "Winners" As Early As Possible On Constructive Activity — e.g. Cost Improvement

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Tactics — The Deal

1. Establish Long Term Contract As Ultimate Goal
2. Establish Very Early Long Term Contract Rules But Do Not Negotiate In Detail
3. Establish That Non-Price Factors Like Tools, R&D Costs, Etc. Are Not Allowed
4. Resist All Suggestions That Some Costs Are Controllable And Others Are Not (e.g. Materials)
5. Focus All Activity On Reducing The Immediate Price Dramatically

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Tactics — Handling The Deal

1. Involve Supplier Top Management Totally
2. Establish The Supplier's "Friend" To Pass Information (Be Prepared Indirectly And Under Pressure Directly To Lie) And Give "Help"
3. High Activity (De-Stabilize The Supplier)
 - Many Meetings
 - Many Demands For Information
 - Always Urgent
4. Set Deadlines For Suppliers To Meet But Increase Anxiety By Deferring Decisions

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Tactics — The Agreement

1. Tie Up Short Term Price
 - Keep Nibbling Even At The 13th Hour (Always Appear To Be In A Desperate Hurry But In Reality Take As Much Time As Is Needed)
2. Pull The Long Term Deal Out Of The Cupboard
3. Sign (If Supplier Not Too Exhausted!)
4. Intensify Cost Improvement To Squeeze Some More!!

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