

Supplier Category Management: Driving Value Through the Procurement Organization

An APQC Best Practice Study



Overview of Study Scope and Objectives

Supplier Category Management: Driving Value Through the Procurement Organization

Is Your Organization...

- Experiencing high procurement costs, time-to-market delays, or loss of market share due to a lack of adequate or appropriate suppliers?
- Experiencing supply chain or service disruptions due to constant supplier turnover?
- Faced with a procurement function not able to meet the business's demands for quickly and effectively sourcing suppliers?
- Treating all suppliers equally; usually transactional and focused on the lowest overall price?
- Lacking a clear category management structure or strategy, based on rigor, to understand key supplier markets and reduce overall risk.

Study Objectives

This study is designed for those seeking to:

- Understand how best practice organizations link supplier category management activities to the organizational bottom-line.
- Understand the criteria and framework used to determine the supply base categories within leading organizations.
- Determine how organizations apply appropriate resources to manage their supply base using categories.
- Better understand how organizations assess risk and measure the success of their category management activities.
- Understand how stellar organizations use supplier category management tools and techniques to assess potential new suppliers, manage existing suppliers, and appropriately off-board suppliers.
- Understand how organizations are driving innovation and improvement through partnering with key suppliers.

Study Scope

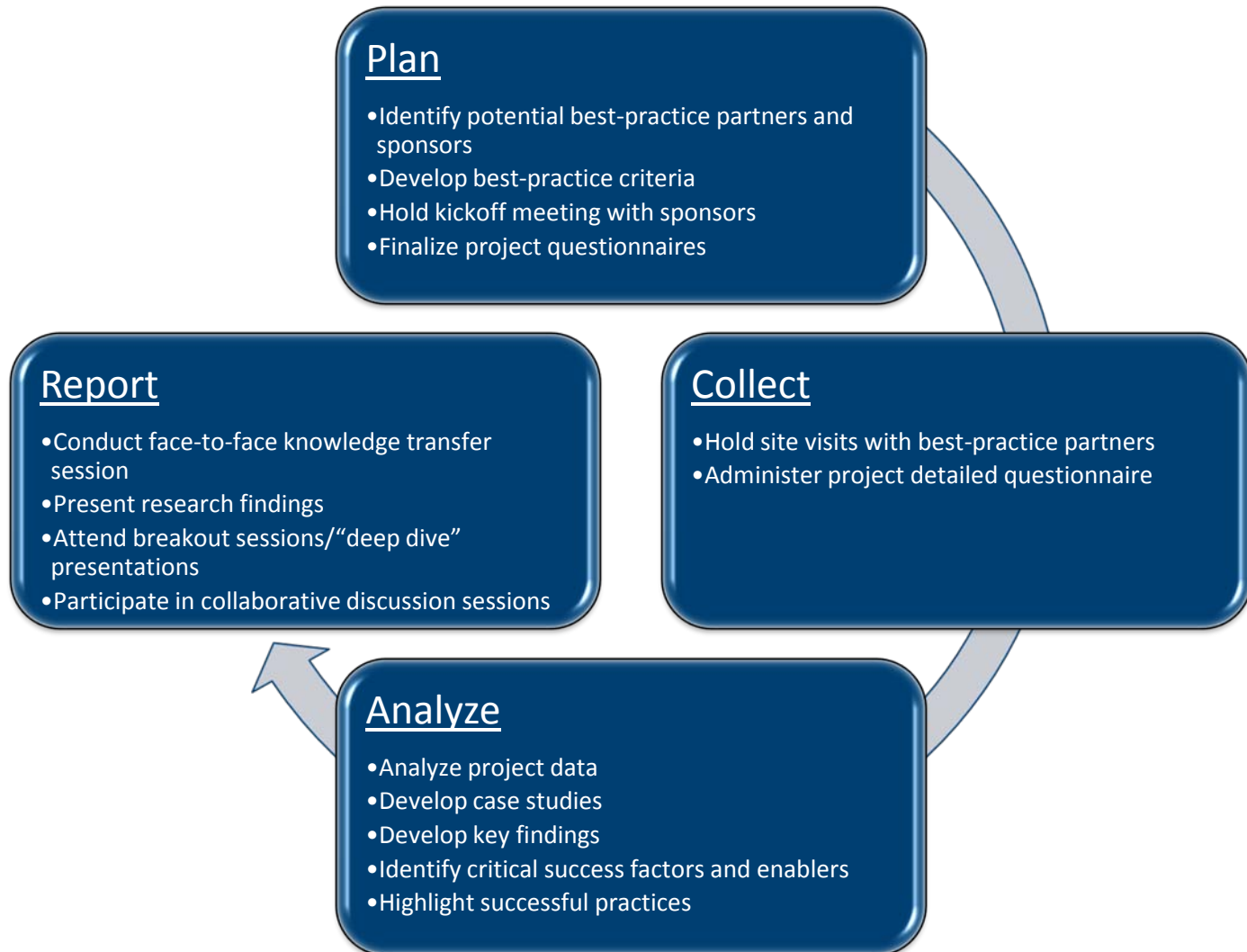
- Strategic Implications
 - Establish a business case for strategic category management; define, structure, and prioritize categories; evaluate risk
- Resource Commitment and Allocation
 - Establish governance; allocate internal resources; determine appropriate cross-functional teams
- Category-specific Processes and Tools
 - Understand market characteristics; manage existing supply base; evaluate potential suppliers by category
- Extending Supplier Relationships
 - Identify opportunities to develop mutually beneficial, collaborative relationships with top suppliers to drive innovation and real value

APQC's Supply Chain Research

Project	Time Frame
Reverse Logistics: Backward Practices that Matter	2006
Supplier Relationship Management: Best Practices in Collaboration for “Win-Win” Competitive Advantage	2006
Inventory Optimization: Balancing the Asset vs. Service Tradeoff	2005
Open Standards Procurement Survey	Ongoing
Open Standards Supply Chain Planning Survey	Ongoing
Open Standards Manufacturing Survey	Ongoing
Open Standards Logistics Survey	Ongoing

Study Methodology and Timeline

APQC Benchmarking Methodology

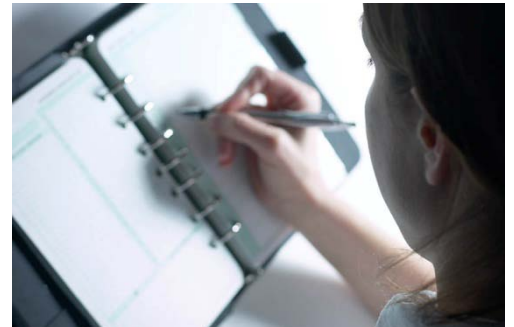


Sponsor Role and Participation

- Have up to two key points of contact for study updates and information.
- Participate in the kickoff meeting hosted by APQC. May be virtual or face-to-face depending on the need of the study participants.
- Participate in site visits with the best-practice partners (facilitated by APQC). Site visits will include both virtual and face-to-face options, depending on the needs of the study participants.
- Learn from the project's research champion during a special expert-led Webinar open only to the project participants.
- Participate in the face-to-face Knowledge Transfer Session at the end of the study. As a sponsor, you have four seats at the Knowledge Transfer Session.
- Leverage our collaboration space to share and network with fellow sponsors.
- Adapt and adopt the proven practices learned that can improve your own business practices.

Key Dates

- Kickoff Meeting
 - April 2011
- Site Visits and Expert-Led Webinar
 - June 2011 through July 2011
- Knowledge Transfer Session
 - August 2011



Benefits of Study Participation

Benefits of Sponsorship

- Learn how other procurement organizations allocate resources in a resource-constrained environment.
- Help procurement professionals learn how others have created a procurement function that adds value to the business, not just a transactional purchasing organization.
- Learn how other organizations are structuring and resourcing their category management operations.
- Learn how other organizations prioritize strategic supply base relationships to manage risk.
- Innovate at a higher order with key suppliers.



Study Deliverables

- Kickoff meeting participation
- Four seats at the Knowledge Transfer Session
- Participation in five site visits with best-practice partners
- Participation in an expert-led Webinar
- A final report summarizing the issues and insights uncovered during the study
- Insights from APQC experts and fellow supply chain practitioners
- Slides and summary profiles of the best-practice partners
- Copies of study interview guides

Study Pricing

- APQC/CSCMP Corporate Members: \$5,000*
- APQC/CSCMP Corporate Members (Vendors): \$15,000
- APQC/CSCMP Corporate Nonmembers: \$10,000*
- APQC/CSCMP Corporate Nonmembers (Vendors): \$25,000

*APQC is on the GSA schedule for federal government pricing.

Project Team for This Study

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- Research Champion
 - KPMG
- Subject Matter Expert
 - Samir Khushalani, KPMG



About Us

➤ APQC

- APQC is a member-based nonprofit and one of the world's leading proponents of knowledge management, benchmarking, and best practices business research. Working with more than 750 organizations worldwide in all industries, APQC provides organizations with the information they need to work smarter, faster, and with confidence. Visit www.apqc.org or call +1.713.681.4020 and learn how to make best practices your practices.

➤ KPMG

- KPMG LLP offers audit, tax, and advisory services, as the U.S. member firm of KPMG International. KPMG International's member firms have 137,000 professionals, including more than 7,600 partners, in 144 countries. Our advisory practice provides global services to our clients across a full range of critical business needs. KPMG's experienced strategic sourcing and procurement professionals are committed to assisting our clients in driving structural improvements to the procurement function that will help to make procurement a source of value and innovation. Our comprehensive approach to procurement transformation balances enhanced business performance through better spend management and productivity gains with internal controls and risk management.

➤ CSCMP

- Founded in 1963, the Council of Supply Chain Management Professionals is the leading worldwide professional association dedicated to education, research, and the advancement of the supply chain management profession. With over 9,000 members, representing business, government, and academia from 63 countries, CSCMP members are the leading practitioners and authorities in the fields of logistics and supply chain management. For information, visit www.cscmp.org.

For More Information Contact:

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