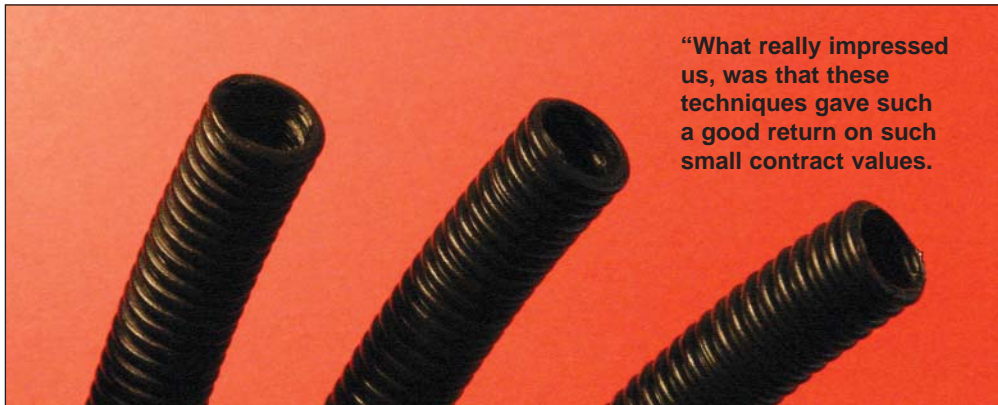




Zarnack-Gruppe



Size matters



How does a purchasing professional know if the price they have for a contract represents good value? The answer is of course to compare it to market price. However, finding sufficient qualified suppliers that are interested in the business to create a marketplace so as to determine marketprice, can take a considerable amount of time and effort. The potential benefits of conducting such a project have to be worth the cost and effort of doing so.

So what happens when 29 part numbers only equate to €58,000? This was the issue faced by KWL's Herr Roger Herrmann, member of the Management Board. **“These e-sourcing techniques are very good if you have attractive contracts with very high volumes. What we wanted to know was how to use them on the low value contracts that can often be much more difficult to deal with?”**

The answer was to use Vendigital's efficient online tendering process. This enabled the enquiry to go to 85 companies, locating 6 that were capable, had the necessary automotive approvals and crucially were interested in the business. This process not only had to be efficient from the buyer's perspective but also from the suppliers'.

If winning this business was going to be difficult and time consuming because of poor documentation or missing information then suppliers would be put off.

With clear and complete information to review, suppliers then had the opportunity over a two-day period to place online bids for the parts of the business that they were interested in. By revisiting the auction at intervals throughout that time they were able to review their prices against their competitors' and adjust them if they wished. The directly implementable result was a 22% cost saving.

This was done as part of a larger exercise that included various wire harness protection tubes, tapes, seals and plugs. The biggest product group was less than €160K. **“What really impressed us”** said Herr Herrmann **“was that these techniques gave such a good return on such small contract values. Once we've become familiar with the processes this is something we could ultimately do ourselves as part of our everyday purchasing process to guarantee competitive pricing everytime we go to market”**.

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