



THE FOREFRONT GROUP

leading strategic sourcing transformation

September 2009

Quarterly News, Tips and Trends

From the Desk of
Bonnie Keith

SAVINGS. Nearly every where we turn the focus is on savings. Strategic sourcing teams have more pressure than ever to deliver price reductions. Yet suppliers have little "juice to squeeze" these days. Where do you turn? At the Forefront Group, we have developed a series of tools for not only identifying but also implementing cost savings opportunities. Our clients have realized, on average, over 10 times return on investment. If you are interested in learning more, contact me at bkeith@theforefrontgroup.com

- Bonnie Keith, President

Driving Savings through Enhanced Design

by Elizabeth
Zucker

It has been determined that between 70 and 80% of a product's final cost is determined at the design stage. With all the pressure on cost savings these days, it would seem that effective design is no longer just about Engineering. Strategic Sourcing professionals are now getting involved in the design and innovation process much earlier, influencing decisions that will have downstream impacts on product, supplier and pricing.

Many firms are using enhanced design processes that to assure that design decisions improve on costs and efficiency. Enhanced new product development processes include Design for Cost, Design for Manufacturing, Design for Quality, and many, many others. And, according to a study by Aberdeen Research in December 2007, over 80% of companies using enhanced design report that new products are meeting cost targets as well as revenue goals.

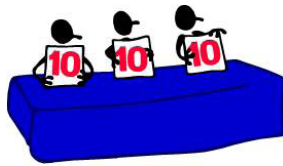
If you want to learn more about how to initiate an enhanced design process with your Procurement team, please contact us at info@theforefrontgroup.com.

Tip: Low Cost Sourcing Success Begins with the Requirements

by Bonnie
Keith

Much of the western hemisphere sources from Asia, more specifically China, and many times the total cost of these sourcing activities is disappointing. We are reminded by the news of tainted dog food and dangerous children's toys. So, how does a supply manager identify and qualify a new supplier without adding exponential costs to the overall procurement process or bringing quality risk? **Get the requirements right!** Document them with clarity and simplicity - use pictures or drawings. Provide a precise, detailed description of what is expected and when. List what is not acceptable. Don't use slang, acronyms or complex terminology - these items often don't translate into other languages or cultures. Determine required capabilities of the potential supplier to deliver your product or service. Validate the supplier capability either by a site review, talking to references or by using a local third party assessment. Prepare and communicate in writing supplier performance and relationship metrics, how often they will be reviewed and by whom. And...check or inspect frequently the product or service performance and the process being followed. Low cost suppliers often outsource to lower costs and the results may not meet your requirements. Preparing up front actually requires less effort overall and results in consistent quality performance at a lower total cost.

How Big Is Your Impact?



Curious about how your procurement team ranks against other firms? We have a comprehensive evaluation process for measuring the impact of procurement organizations. You get an overall evaluation and an action plan for improving your team's performance. Like to learn more?

Email info@theforefrontgroup.com or by calling 1.888.437.6681 ext. 10.

CPO Priority # 1: Training

We provide customized training with ISM Certification for CE credits for your sourcing teams. You select the topics you want us to deliver, for 2, 3 or 4 day seminars. Here are some of the topics we have designed for past clients:

- Cost Analysis
- Managing Effective RFx's
- Negotiations Prep
- Sourcing Strategy Development
- Industry Analysis
- Supplier Performance Management

About the Forefront Group

The Forefront Group (TFG) is a strategic supply management services organization specializing in helping our clients improve their performance and value delivery. We provide expertise in a variety of aspects in the procurement and supply management field, and all of our resources are former practitioners with broad experience and success. We have provided our clients with over \$100 million in cost reductions. We would like to talk to you about how we might help your procurement team drive additional value.

The Forefront Group is a WBENC-certified woman owned business and a winner of Top Business award by Diversity.com. We are certified by the state of New Jersey as a Woman Owned business category 2 and Small Business and by the state of Pennsylvania as a Woman Owned Business. To learn more about us, visit our website at www.theforefrontgroup.com.

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