



# Cost-Effective Purchase of Jet Engine Parts

## Company Profile

**Client:** A Fortune 50 multinational conglomerate corporation producing a multitude of products including: aircraft engines, locomotives and other transportation equipment, kitchen and laundry appliances, lighting, electric distribution and control equipment, generators and turbines, and medical imaging equipment. Headquartered in the United States, the company serves customers in more than 100 countries generating more than half of its revenue from international markets.

## Business Challenge

With the growing global market for jet engines, the client needed help with reducing supply chain costs for small parts. Corbus was challenged to research and qualify global suppliers, specifically targeting suppliers in China, India, and Eastern Europe.

## How Corbus Helped

Corbus supported the client's supply chain to ensure that the correct hardware was purchased from the best source, achieving the best possible price, quality, and delivery.

Corbus assigned a dedicated Sourcing Program Manager, and a team of forecasters, material planners, fulfillment planners and coordinators, contract administrators, buyers, product quality engineers and value engineers, to locate, develop and qualify potential manufacturing sources.

Sources in the Czech Republic, France, Turkey, India, Taiwan, and Mainland China were located, qualified, and awarded purchase orders. Over 500 hundred parts with an annual value of 10% of the total buy were successfully sourced to nine suppliers located in these countries. One Asian supplier grew to become one of the client's largest manufacturers of fasteners. Cost savings to the client averaged 15% - 20%.

Our scope of services extend across the client's supply chain and include: parts forecasting, contact administration, global fulfillment, C-Parts sourcing and other direct material procurement, product quality engineering, product returns, value product engineering, logistics, and program management. These efforts are ongoing and growing in value each year

## Results

Since partnering with the client in 1994, Corbus' extensive capabilities and proven expertise in providing complete end-to-end outsourcing services has resulted in head count shifts, sourcing cost reduction, and reliable compliance for this organization. Corbus has delivered annual cost deflation to our clients of 2-5% since inception, as scale and scope have increased. The agreement with our client is an incentive based model with

adjustments for over-performance. This relationship has grown from 40 FTEs at inception to 136 presently. Likewise, annual spend managed has grown from \$150M to nearly \$500M, managing over 30,000 part numbers.

Parameter	Program Start	Current
Annual Spend	\$150M	\$400M+
Part Numbers/SKUs	10,000	30,000+
Suppliers	650	150
Period of Supply	65	20
Delinquency % (Past Due Schedules)	18%	4.5%
Y-o-Y Cost Deflation	n/a	4%

As a strategic partner for over two decades, Corbus provides the right people, processes, and necessary tools to deliver on key client critical business objectives that include improved service levels and cost deflation.

## Key Performance Enablers

- ✓ Experienced and proven people, processes, and tools are at the cornerstone of the Corbus approach. It's what makes us different from the competition.
- ✓ Economies of scale and volume are leveraged when our buyers consolidate the requirements of like parts within the commodities.
- ✓ We are able to create a program-to-program comparison to control pricing by using industry benchmarking standards.
- ✓ Our buyers negotiate with suppliers based on the total buy year-over-year to reduce part-by-part increases and also to achieve discounts on the total buys.
- ✓ To control costs, target pricing is utilized wherever feasible.
- ✓ Multiple sources of supply are leveraged to create competition and assist in meeting delivery time lines