

Case study

USA Furniture Industry - Procurement of Die Casting parts

Procurement objective

The USA Furniture maker engaged Gainedge Consulting for its procurement requirements. They needed specific Aluminium Die- casting parts for their furniture and cabinetry from manufacturers based in India and Thailand. There were around 350 parts in totality ranging from 0.25 kg – 2.5 kg with different color specifications for powder coating. The objective was to identify at least 10 Suppliers (including few from Thailand) along with supplier benchmarking.

Criteria used

The USA furniture maker had already been buying from China but had been experiencing quality issues with Chinese suppliers thereby they decided to look for alternatives in India and other APAC countries. They needed better quality parts along with a reduction in price in the range of 15-20%. Few of the parts are slow runners and so their quantities are small. The requirements in powder coating color variations were quite stringent and they had indicated preference for suppliers having in-house powder coating facilities. Suppliers having clear communication abilities in English language were to be preferred. Other supplier preferences were related to having at least 25% spare capacity and having a significant percentage of export business volumes.

Gainedge's approach

As the timeline provided was quite conservative, Gainedge decided to use multiple teams one each for each geography. The engineering team got down to analyze all the drawings for all the parts sent by the USA furniture maker. The sourcing team went through searching in their supplier database to identify suppliers matching the client's criteria first within India and then in Thailand. Team members started communicating with shortlisted suppliers simultaneously in India and Thailand on a daily basis. All information related to machines being used, machine make and capacity, defect ppm, plant spare capacity, Process controls, distance from airport and seaport, etc. was mapped against each supplier. After collating relevant information with regards to all listed criteria, each of the potential suppliers were sent NDAs for signing. After receiving signed copies of NDA from all suppliers, drawings along with RFQs were sent to them for their estimation of feasibility of manufacturing and price quotes. Our team shortlisted around 20 odd suppliers basis fulfillment of all the preference criteria sent by the client. Next in order, the verification and validation visit was planned. One of the teams visited suppliers in Thailand and the other team visited suppliers in India. The on-site visit included reviewing engineering

capabilities, technical components, and financial stability and quality benchmarking. Based on these final onsite results, ten best suppliers were finally shortlisted.

Results

Gainedge team successfully identified 10 qualified suppliers from India & Thailand with-in the time frame promised to the client. The client was fully satisfied with our results and was quite appreciative of our efforts.