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Strategic sourcing equals reliable cost reduction

Briggs & Stratton beats cost-reduction goals two years in a row

Briggs & Stratton, the world's largest manufacturer of air-cooled gasoline engines, is taking a more strategic approach to purchasing. By using SAS® Business Intelligence to analyze spending, the company significantly enhanced its cost-reduction performance.

"We beat our cost-reduction numbers two years in a row," says Marty Straube, Engine Group Vice President. "The ability to analyze data is the foundation to being able to embark on that kind of performance."

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Marty Straube
Engine Group Vice President

Prior to using SAS to analyze its purchasing spending, the company took a typical transactional approach to purchasing, with a strong focus on pricing.

The company's SAP transactional system provides volumes of data, but without an analytical solution, the company couldn't do anything with the data. "I don't think we had a good view of what we bought and where we bought it from," explains Tom Glatch, Purchasing Data and Systems Integrity Specialist for Briggs & Stratton. The department often worked more on anecdotal data rather than relying on fact-based decisions.

"We have one supplier that has two plants, and supposedly quality from one plant was far superior to quality at the other. But when we looked at the data, we realized we had the plants reversed. The plant we thought was the problem child was actually the better of the two," Glatch said.

Since using SAS, Briggs & Stratton has:

- Discovered it has too many suppliers for some products and not enough for others. "In case of natural disaster, you don't want to have just one supplier," Glatch says.

- Created a supplier scorecard that shows quality, delivery, purchase-price variance, defects and other metrics. "It is really easy to see trends in commodity cost changes," Glatch says.

- Developed a supplier portal so suppliers can view details on delivery times, quality and invoices.

"Our buyers can take a data set with millions and millions of rows and pull up a report literally in seconds," Glatch says.

Briggs & Stratton uses SAP ECC 6.0. In undertaking the analysis and scorecard project, it used SAP's classification system to assign commodity codes to purchases. SAP pulls 12 months of data into the scorecard and shows the company's top 50 suppliers.

"You get so much data from SAP, but it is hard to analyze without SAS," Glatch says.

The buyers work with the data through the reports that reside on the platform for SAS Business Analytics. Glatch can also handle custom requests using the point-and-click SAS Enterprise Guide. If the custom request looks like something all buyers could use, the process or report is surfaced to the appropriate personnel on the SAS BI system.

Glatch's success with the supplier scorecard in the engine group has won him recognition. "We've just cloned it for our Home Power Products division, our Yard Power Products division and our Service division," Glatch says.

Challenge

The company needed a big-picture look at its purchasing spending.

Solution

With SAS® Business Intelligence the company harnesses the data from its SAP system to study quality, purchase price variance, delivery and defects.

Benefits

The savings in purchasing represented reliable cost reduction execution and strategic sourcing strategy.