

mogul&nabab

International Expansion

Shanghai – Hong Kong – Dubai - Lyon

“Power tools China sourcing program” Business Case

Context & company info

European SME specialized in **power tools** for over 50 years, launching strategic sourcing program in order to:

- Identify new suppliers
- Expand product categories
- Comply with social requirements
- Generate substantial savings


This European SME has 2 key divisions: **own brand & private labels** and is willing to expand significantly the “own brand” division

Agenda

- **Demand analysis & product selection**
- **Tender process**
- **Collected quotes analysis**
- **Suppliers score carding & ranking**
- **Conclusion**

Angle grinder selected for a strategic tender

Angle grinder being one of the top contributor in term of yearly spend, amounting to US\$500K

Item & description	Product picture	Qty per annum (in units)	Current US\$ FOB purchasing price
Angle grinder		20,000	\$24.14

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93 suppliers initially identified in China

Product category	Angle grinder
Country	China
Suppliers initially identified	93
Number of RFI-RFQs sent	35
Number of RFIs received	9
Number of RFQs received	19
Suppliers not willing to participate	48

Reasons for not responding

Angle grinder	
Traders	17
Already in our list	8
Not manufacturing the required model	31
Unable to connect	18
Total	74

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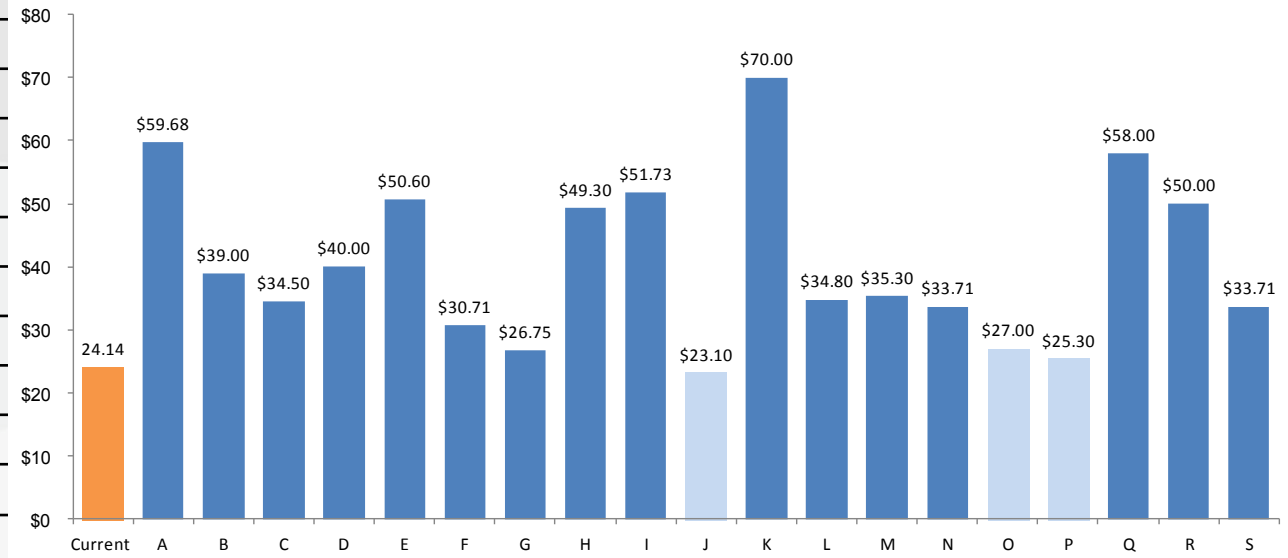
19 Suppliers identified, many located in 1 provinces Zhejiang (Yongkang & Wuyi)

#	Company	Region	City
1	Supplier A	Jiangsu	Nantong
2	Supplier B	Zhejiang	Wuyi
3	Supplier C	Zhejiang	Yongkang
4	Supplier D	Jiangsu	Nantong
5	Supplier E	Zhejiang	Yongkang
6	Supplier F	Zhejiang	Yongkang
7	Supplier G	Zhejiang	Ningbo
8	Supplier H	Zhejiang	Jinhua
9	Supplier I	Fujian	Quanzhou
10	Supplier J	Zhejiang	Wuyi
11	Supplier K	Jiangsu	Nantong
12	Supplier L	Zhejiang	Jinhua
13	Supplier M	Zhejiang	Yongkang
14	Supplier N	Zhejiang	Wuyi
15	Supplier O	Shandong	Qingdong
16	Supplier P	Zhejiang	Ningbo
17	Supplier Q	Jiangsu	Danyang
18	Supplier R	Jiangsu	Qidong
19	Supplier S	Zhejiang	Wuyi



Price analysis, adding current purchasing price

#	Company	FOB port	US\$ price
1	Supplier A	Shanghai	\$59.68
2	Supplier B	Ningbo	\$39.00
3	Supplier C	Shanghai/ Ningbo	\$34.50
4	Supplier D	Shanghai	\$40.00
5	Supplier E	Shanghai/ Ningbo	\$50.60
6	Supplier F	Shanghai/ Ningbo	\$30.71
7	Supplier G	Ningbo	\$26.75
8	Supplier H	Ningbo	\$49.30
9	Supplier I	Fujian	\$51.73
10	Supplier J	Shanghai/ Ningbo	\$23.10
11	Supplier K	Shanghai/ Ningbo	\$70.00
12	Supplier L	Shanghai/ Ningbo	\$34.80
13	Supplier M	Shanghai/ Ningbo	\$35.30
14	Supplier N	Ningbo	\$33.71
15	Supplier O	Shanghai	\$27.00
16	Supplier P	Ningbo	\$25.30
17	Supplier Q	Shanghai	\$58.00
18	Supplier R	Shanghai	\$50.00
19	Supplier S	Ningbo	\$33.71



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Scorecarding & suppliers' ranking

Rank	Supplier Name	Company background	Business info	Corporate responsibility	Production & Technology	Quality Management	Cooperation	Price	Total
		15%	15%	5%	20%	20%	5%	20%	100%
1	L	15.00	15.00	5.00	20.00	16.00	5.00	0.00	76.00
2	E	15.00	12.60	5.00	20.00	13.00	5.00	0.00	70.60
3	O	15.00	9.00	5.00	10.00	11.00	3.38	10.00	63.38
4	C	15.00	13.80	5.00	10.00	10.00	5.00	0.00	58.80
5	N	15.00	9.00	5.00	10.00	16.00	3.38	0.00	58.38
6	D	11.50	13.80	5.00	10.00	12.00	3.38	0.00	55.68
7	B	15.00	6.15	5.00	15.00	9.00	5.00	0.00	55.15
8	H	15.00	8.78	1.50	13.33	7.00	5.00	0.00	50.61
9	A	15.00	7.69	5.00	5.00	0.00	0.50	0.00	33.19

Company profile – Supplier L

Score / Rank	76.00 / 1
US\$ FOB price	\$34.80

Company & Contact info		Turnover (in USD)		
Company Name	Supplier L	2014	24,000,000	
Address	Jinhua City, Zhejiang Province. China	2015	26,800,000	
City	Wuyi	2016 (forecast)	29,000,000	
Province	Zhejiang	Sales breakdown per region in %		
Contact Person	XXX	Domestic	0	
Job Title	Foreign Trade Sales	Western Europe	40	
E-mail	SupplierL@supplier.com	North America	5	
Tel	0579-XXXX-XXXX	Japan	0	
Fax	0579-XXXX-XXXX	Rest of the World	55	
Mobile Phone	0579-XXXX-XXXX	Total	100	
Website	www.supplierL.com	Top 5 customers		
Company Background		Customers	Country	Percentage of sales
Found Year	2000	Confidential		
Manufacturer or trader	Manufacturer			
Capital in million USD	20			
Work Floor Size (m ²)	100,000			
Number of employees	800			
Main products	Power tools and electric welding machine			

Company profile – Supplier L

Production capacity				Production Equipment		
Product name	Max production capacity per year (in piece)	2015 Actual produced volume per year (in piece)	% Exported in 2015	Please list all your equipments	Quantity	Age
Angle grinder	660,000	550,000	N/A	Number of plastic injection machines	6	3
Impact Drill	552,000	500,000	N/A	Powder painting line	N/A	N/A
Circular Saw	672,000	600,000	N/A	Varnish painting line	N/A	N/A
N/A	N/A	N/A	N/A	Silk-screen printing machine	N/A	N/A
Pls mention below each process is in house or sub contracted		In house (Y/N)	Sub-contracted (Y/N)	CNC machine	15	3
Plastic Mold Tooling		Y	N	Motor winding machine	8	3
Plastic Injection		Y	N	Assembly Line	5	1
Metal Die Casting Mold Tooling		Y	N	Packaging Line	4	4
Die-Casting		Y	N	Others	N/A	N/A
Metal Stamping		Y	N			
Painting / Printing		Y	N			
PCB (Printed Circuit Board)		Y	N			
Motor winding		Y	N			
Assembly Line		Y	N			
Packaging Line		Y	N			
Others (please describe)		N/A	N/A			

Company profile – Supplier L

Quality, Environmental and Product Certification				Equipment do you have to carry out QC		
Certificate	Issued By	Registration Number	Expiry Date	Equipments Name	Quantity	Age in years
GS	ITS	XXXXX-XXXXXX	Dec 2017	CMM 3D measuring machine	3	10
CE	ITS	XXXXX-XXXXXX	Nov 2018	RoHS detector RoHS	1	5
EMC	ITS	XXXXX-XXXXXX	Dec 2016	Surface roughness tester	3	4
ROHS	AI	XXXXX-XXXXXX	May 2017	CNC Machine	2	3
FFU	Supplier L	XXXXX-XXXXXX	Dec 2017	Others	N/A	N/A

Factory entrance

Supplier L



Work shop 1



Work shop 2



Factory office



Picture of workers 1



Picture of workers 2



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Successful business case in many aspects

- Identified & qualified 2 new high quality suppliers
- 3 new product categories identified and launched, with quality customization
- Substantial savings generated
- Suppliers development program successfully launched in order to comply with new industrial & social requirements