

IDEX CORPORATION

Complexity Reduction Through Strategic Supplier Consolidation

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IDEX Corporation is a \$2.4 billion applied solutions corporation with 65 subsidiaries in highly specialized engineered applications within niche markets. Liquid Controls (LC) is a business unit within IDEX’s Energy segment that manufactures precision flow meters for high-value liquids such as refined fuels, Liquid Petroleum Gas (LPG), and other industrial metering across aviation, mobile truck delivery, bulk processing plants, food services, and more. LC would like to align their supply base with lean transformation and complexity reduction initiatives taking place across the corporation.

Over the last decade, LC has experienced proliferation in the number of suppliers within the supply chain primarily due to irregularities in purchasing patterns within the organization and the acquisition of two new brands, Avery-Hardoll and Sponsler. The demands of maintaining the larger supply base and a lack of dedicated resources have led to an inability to execute on value-added strategic sourcing projects. This lack of capacity resulted in significant decreases in material productivity over the last three years.

To drive an increase in material productivity, the Tauber team conducted a strategic consolidation of the supply chains for the Liquid Controls, Avery-Hardoll, and Sponsler brands. Initially, the team analyzed the existing supply base to identify opportunities for consolidation into more strategic suppliers based on performance, volume, and spend. Next, the team recommended transitions and presented them to representatives from every relevant department in the organization to gain cross-functional approval. Once approved, the team began implementing the recommendations by quoting parts to new suppliers, working with the Purchasing team at LC to allow for a seamless transfer of the business. Lastly, the Tauber team produced a revamped supplier scorecard and supplier consolidation framework to drive improvement in the performance of the supply base and to ensure the repeatability of the complexity reduction process in the future across IDEX Corporation.

The strategic supplier consolidation effort is expected to generate \$1.3 million in direct material inflation offset at the Liquid Controls business unit over the next three years. During the same time, assuming IDEX implementation rates, of three, four, and six business units per year, the project is estimated to result in an offset of \$10.8 million for the corporation. Additionally, the supplier scorecard will be adopted at the corporate level to drive supplier performance across the organization.