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Managing All-Time Buys



The dreaded All-Time Buy. Likely one of the topics generating the most emotional reaction in any service parts organization. But emotion aside, All-Time Buys (ATB) are bad for business. After all, who wants to commit to buying \$30 M of a control board you may or may not need in ten years. Buy too little, and you upset your customers. Buy too much, and you tie up your organization's much needed cash. Not to mention all the additional storage space needed for the (sometimes bulky) parts added to your books.

Unfortunately, there is no silver bullet to outright eliminate ATBs. Decades of Ducker Carlisle benchmarking shows the contribution of All-Time Buy to inventory planning is significant, ranging upwards of 10-15% of total inventory for domestic OEMs. Most OEMs have reported an increase in All-Time Buy requests coming from their supply base as technologies transition including the move of platforms from ICE to EV.





Ducker Carlisle recommends these strategies for OEMs faced with ATBs:

Cross-Functional Review Process: Develop A Cross-Functional Review Process: The first step to solving your ATB problem is awareness. All-Time Buys should be tracked and reviewed with a cross-functional team consisting of purchasing, supply chain, and finance. Leading organizations leverage a central dashboard to track and review ATB requests on a recurring basis. Discussions during this process are both tactical and strategic, and are designed to address the part commodity strategy, supplier, and vehicle line in question prior to an approval of the request. The review should also include a calculation for the total cost of the ATB to the organization including long-term forecast demand, storage, and financing costs, to be weighed against any piece price increases. Implementing a minimum value threshold is a helpful way to streamline the requests that are reviewed using this process.

Don't Be Afraid to Say No: OEMs should challenge their suppliers on all ATB requests before accepting them. The threat of loss of future production contracts is a key leverage point, and to use this effectively production purchasing must be involved in the aftersales negotiation. OEMs should explore multi-sourcing / resourcing for high value requests. Arming purchasing with a simple tool that allows them to understand the total cost trade-off between piece price increases vs. all-time buys at lower price points is key responsibility of supply chain. The tool should also consider the part's lifecycle stage and service life policy.

Invest in Forecasting: Investing in long-term, late in lifecycle parts forecasting leads to significantly reduced ATB inventory and reduction in scrappage. Several OEMs have developed their own proprietary internal tools, often data science models leveraging advanced statistics to develop forecasts. Leading off-the-shelf service parts planning tools including PTC Servigistics also have modules which OEMs can leverage to improve forecast accuracy.



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