



SUPPLY CHAIN SERVICES

Best Cost Country Sourcing

Change is the constant. Geopolitics, tariffs and trade fluctuations, shifting costs and capacity, and a global pandemic that disrupted business globally – if the last few months have taught us anything, it’s the power of resiliency.

Organizations learned the hard way that single sourcing from the lowest cost provider introduces significant risk, especially in instances where that strategy is used without backup plans to allow for exchange of either suppliers or geographies. This, combined with promising new entries on the global stage, means many companies are reevaluating how to balance cost competitiveness and risk when sourcing raw materials, manufactured goods and services.

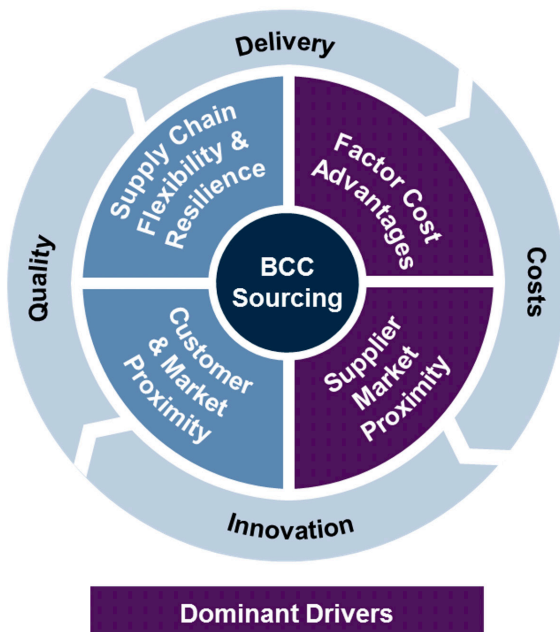
What are Best Cost Countries?

Best cost countries are often erroneously equated with low cost countries, but while the latter may offer the lower price, underlying factors associated with doing business in and with these countries can collectively produce an unfavorable total cost to the company.

Evaluating low cost countries based on labor, materials, logistics, inventory, payment terms, trade considerations and others, helps companies determine the location or locations where their total cost of ownership is optimized – their best cost countries.

A&M applies leading practices to help clients execute best cost country sourcing, and focuses on four key drivers –

Best Cost Country Sourcing to Optimize Total Cost of Ownership



Factor Cost Advantages. Optimize costs for labor, energy and raw materials using direct and indirect lenses.

Supplier Market Proximity. Evaluate options based on market proximity to materials, capabilities, technology and capacity. Evaluate propensity for future innovation based on ecosystem of materials and production processes.

Customer Market Proximity. Consider customer demand and preferences including “made in X” requirements and premiums for understanding and utilizing local talent markets.

Supply Chain Flexibility and Resilience. Mitigate disruption risk through global network diversification and robust contingency planning. Embed tax and tariffs considerations into all scenarios.

Best Cost Country Sourcing to Optimize Total Cost of Ownership

Our three-step process helps clients reduce total cost of ownership and mitigate supply chain risk. Harnessing the power of our global network and cross-industry expertise, we help clients evaluate the merits of off-shore, near-shore and on-shore strategies by product and category, and then set up structures to onboard and manage suppliers to deliver results.



1. Identify countries with the right suppliers and resources and evaluate based on total cost of ownership.



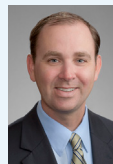
2. Source suppliers in best cost countries with relevant and necessary capabilities; develop suppliers where needed.



3. Onboard new suppliers and track savings.

KEY CONTACTS

Contact us today to learn more about how A&M can help deliver value through Best Cost Country Sourcing.



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About Alvarez & Marsal

Companies, investors and government entities around the world turn to Alvarez & Marsal (A&M) for leadership, action and results. Privately held since its founding in 1983, A&M is a leading global professional services firm that provides advisory, business performance improvement and turnaround management services. When conventional approaches are not enough to create transformation and drive change, clients seek our deep expertise and ability to deliver practical solutions to their unique problems.

With over 5,000 people across four continents, we deliver tangible results for corporates, boards, private equity firms, law firms and government agencies facing complex challenges. Our senior leaders, and their teams, leverage A&M's restructuring heritage to help companies act decisively, catapult growth and accelerate results. We are experienced operators, world-class consultants, former regulators and industry authorities with a shared commitment to telling clients what's really needed for turning change into a strategic business asset, managing risk and unlocking value at every stage of growth.

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