



Category Analysis – Methodology

I get asked this all the time about Category Analysis
you will learn the **5 steps** to enable you to perform a **STRONG** Category analysis.



STEP 1 | Current Situation Review

- › Current Spend \$400K \$8M
- › Current Suppliers – who and how many?
- › Contractual status of all suppliers- contact exp, exclusivity, min/ max volumes?
- › Previous and current initiatives within the category – worked, not worked
- › List of common issues or successes within the category – white board it, or get them all out down on paper ask all levels of the business
- › Approval from Business to review, engage communicate with all stake holders.



STEP 2 | Industry Review

- › Size of the industry – gen freight, refrigerated freight limited
- › Main participants – Transport sector, Waste who are they?
- › Cost structure – Fixed, variable, break it down, per kg, per cubic, per usage of a metric
- › Cost influences –
- › Regulatory issues – govt levies, compliance fire systems.
- › Emerging industry trends – egg focus on recycling, govt grants



STEP 3 | Strategy Definition

- › Combination of customer requirements
- › Industry opportunities aligned to develop a plan for the next three to five years within the category.



STEP 4 | Implementation

- › Document the steps necessary to implement the strategy, including an approximate timeline and milestone achievement plan.
- › Some categories require a lot of planning, IT integration, Waste management will require site visit timing of swap out.



STEP 5 | Approval

- › Seek approval from the business to pursue the proposed strategy. Sounds obvious but we see this often with all good intent a team of people have got to step 5 but had not considered all business units at the beginning or how it effects parts of the business