



## Case Study: Strengthening Buying Power

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### **Stellar Industries boosts power through controlled competition, discounts, rebates and education**

#### **Company Profile**

Stellar Industries, Inc. is a respected manufacturer of high-quality truck-mounted equipment. In 1990, it became the first company in the United States to design and manufacture truck-mounted hydraulic hook-lift loaders. In 1993, Stellar expanded into the tire service truck business and truck-mounted auxiliary compressed air systems, which have become key business lines. In the past few years, Stellar added telescoping mechanic service cranes and truck-mounted drawer systems to its product offering.

#### **Business Issue**

Stellar employs approximately 240 people at its headquarters in Garner, Iowa. "We are a relatively small company, so we were really looking for a program with buying power, one that would give us access to companies we may not have known about," explains Margaret Tue, Purchasing Manager with Stellar Industries.

#### **Solution**

Stellar Industries joined Prime Advantage in April 2005 after industry contacts told Margaret about the cost reductions their companies had achieved through Prime Advantage. Prime Advantage leverages the purchasing power of its manufacturing industry Members, to negotiate rebates and discounts that grow as the group's business with each vendor grows. These vendors, or Endorsed Suppliers, are audited by Prime Advantage to ensure competitiveness and quality and span more than 100 categories of industrial goods and services.

Stellar Industries' network of contacts made a compelling case for the company to explore a relationship with Prime Advantage, especially the idea of receiving regular rebates and discounts on its raw material purchases. This convinced Tue and her team that by joining Prime Advantage Stellar would gain the buying power and resources of a much larger company.

Other Member benefits include two annual conferences each year with cross-industry networking, exposure to best practices and benchmarking research. According to Tue, Stellar credits a noticeable impact on its bottom line to the networking opportunities it has experienced through these Conferences Members see top executives from Prime Advantage Endorsed Suppliers face-to-face in three days of business meetings. "Last Spring, the Purchasing and Networking breakfast was great. During the roundtable discussion we collaborated on 'Avoiding Price Increases' it helped remind us to be more proactive rather than reactive," said Tue. "It was good to sit down with other people who do the same things and see how they handle different situations."

## Benefit

Stellar will realize an additional 5-10% savings this year due to its participation in the Prime Advantage program. When Stellar first joined Prime Advantage, it was familiar with only a handful of the group's Endorsed Suppliers. Stellar now uses 10 of the Endorsed Suppliers, while Tue and her team will see more potential savings by adding an additional 5-10 suppliers.

*"Our membership in Prime Advantage has enabled Stellar to pursue better pricing from suppliers than we could have attained by ourselves," said Margaret. "It also offers a forum for best practice discussions. The discussions that I have had a part in are just as valuable to our bottom line as the discounts and rebates that we receive."*



## Background

Prime Advantage is a buying group dedicated to bringing its members the best possible savings on raw materials, components, supplies and services. By leveraging the purchasing power of its membership, all manufacturing companies, Prime Advantage negotiates rebates and discounts that grow as the group's business with each vendor grows. These vendors, known within the group as Endorsed Suppliers, are audited by Prime Advantage to ensure competitiveness and quality in more than 110 categories of industrial goods and services.