

OFFICE SUPPLIES – DIVERSIFIED INDUSTRIAL CONGLOMERATE

GLOBAL STRATEGIC SOURCING

CLIENT BACKGROUND

A \$7+ billion diversified conglomerate. The Company's portfolio business units are leaders in the markets they serve, both in their local markets and across the globe. Principal customers engage in the Energy, Communications, and Product Identification industries, among others. To take advantage of shared purchasing opportunities, the client sought to strategically source all of their office supply needs.

CHALLENGE

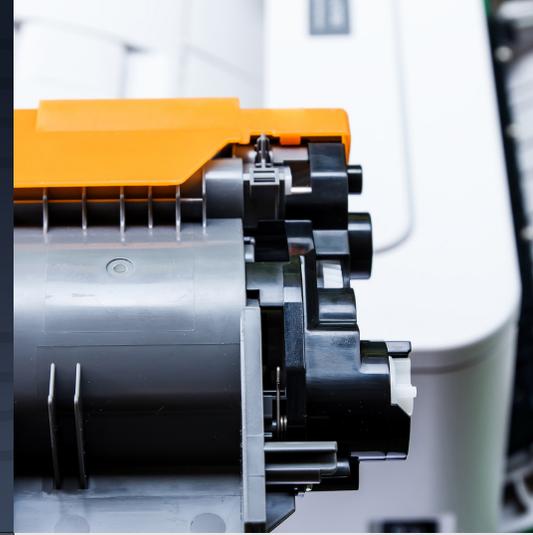
Client with 250+ production and sales locations had fragmented purchasing methodology of their \$5MM of annual office supplies spend. All of the major global providers, as well as countless local providers were used across this diverse portfolio of companies.

EVALUATION

The Gibson team gathered and analyzed the client's office supply spends, vendors, current contacts, and location specific requirements. To better understand the needs of this client, the Gibson team specifically:

The Gibson Team

- Conducted site visits with largest spend locations to better understand their unique needs and service requirements.
- Utilized survey tools for all remaining locations to ensure each site's needs were included
- Targeted high volume, standard catalog purchase office supplies, paper, and toner.
- in developing the final sourcing approach.



RESULTS AT A GLANCE

\$1.5 MM
IN REALIZED SAVINGS
(31%)

ESTABLISHED PRICING
STABILITY MECHANISMS FOR
HIGHLY VOLATILE PURCHASING
CATEGORIES SUCH AS PAPER
AND TONER

IDENTIFIED AN EXECUTIVE
POINT OF CONTACT TO WITH
THE AWARDED SUPPLIER TO
MANAGE THE RELATIONSHIP
AND ENSURE ITS SUCCESS

DEVELOPED STANDARDIZED
DATA REPORTING AND
MEASUREMENT PROCESS
WITH AWARDED VENDOR TO
MONITOR COMPLIANCE AND

APPROACH

To achieve total cost savings, Gibson Consulting implemented a Strategic Sourcing project targeting office supplies with an annual sourceable spend of approximately \$4.9 million. Gibson then:

- Gathered and aggregated AP data across 35 operating companies made up of 250+ individual locations
- Received and categorized line item purchasing data from ~100 individual sites.
- Built a unique market basket (hotlist) of items for each country within North America, Europe, and Asia where this client had a purchasing presence
- Developed a non-market basket (off-list) pricing methodology and quote package to account for unique supplier pricing mechanisms.
- Negotiated final agreements with each major multinational office supply provider, focusing on lowest total cost. Negotiation topics included implementation incentive, volume rebate, payment terms, delivery, cost reduction programs, and price.
- Trained client team in Strategic Sourcing Methodology, Executive Communications, Negotiations, Executive Interviewing, Supplier Due Diligence, and Alliance Management to ensure sustainability of this transformation effort.

RESULTS

Cost savings and service improvements were achieved by leveraging the global reach of this client.

- Realized \$1.5 MM (31%) in savings annually and reduced supply base to one global provider for all office supply needs
- Established pricing stability mechanisms for highly volatile purchasing categories such as paper and toner.
- Identified an executive point of contact to with the awarded supplier to manage the relationship and ensure its success
- Developed standardized data reporting and measurement process with awarded vendor to monitor compliance and savings
- Established alliance management review process to ensure ongoing success of partnership.

