



case study

Transforming Procurement

Large Retailer in Latin America

We have **too many** suppliers

- *But need capacity to grow fast!*

Limited communication, short-term planning

- *Purely transactional, based on purchase orders*

Need to react **faster** to market trends

Not sure how my buyers **measure success**

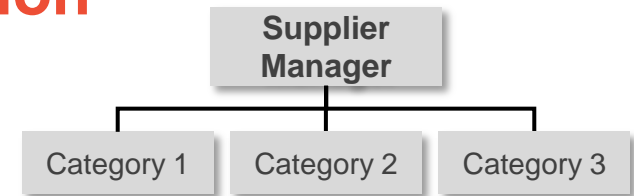
- *Subjective supplier assessment*
- *“Price-based” costing*

Procurement
Director





- New **supplier mgmt. organization** with negotiation 'champions' for each product category



- Procurement Director visited key suppliers (first time in many years) to develop sense of **interdependence**



- Implemented biannual **Procurement meetings** to assess suppliers and revise action plan & targets
- Scheduled regular **meetings with Key Suppliers**



Detailed retailer's and suppliers' **interests** along the value chain (short and long-term)

	Product Devpt./ Sampling	Raw material sourcing	Planning/ Order placement	Logistics
Retailer	Flexible, fast Unique	High quality Low costs	Flexible, fast High quality Low costs	Fast Predictable
Suppliers	Fast No changes	Availability Low costs Bargaining power	Capacity Predictable No hurries Low costs	Flexible



Established a loyalty plan & annual contracts with key suppliers, with **options** addressing main interests



Retailer

Priority
Exclusivity
among
competitors

Bulk
negotiation
of raw
materials to
lower costs
and ensure
availability

Reduced
product costs

6-month
horizon

Devpt. plan
(x% growth/yr)
Anticipated
ordering for
basic products

Faster
response for
key products

Suppliers

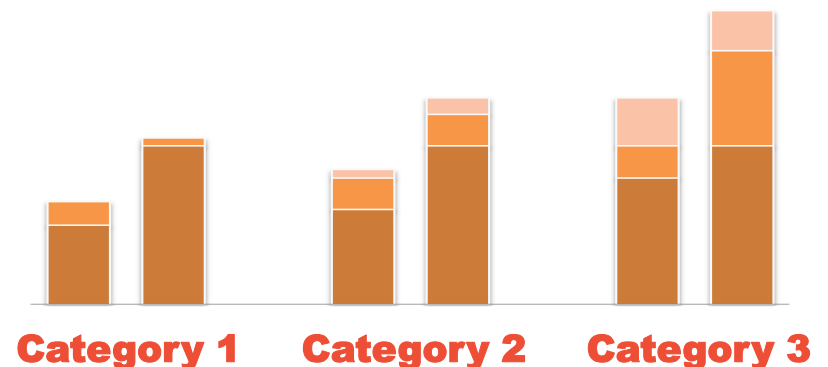
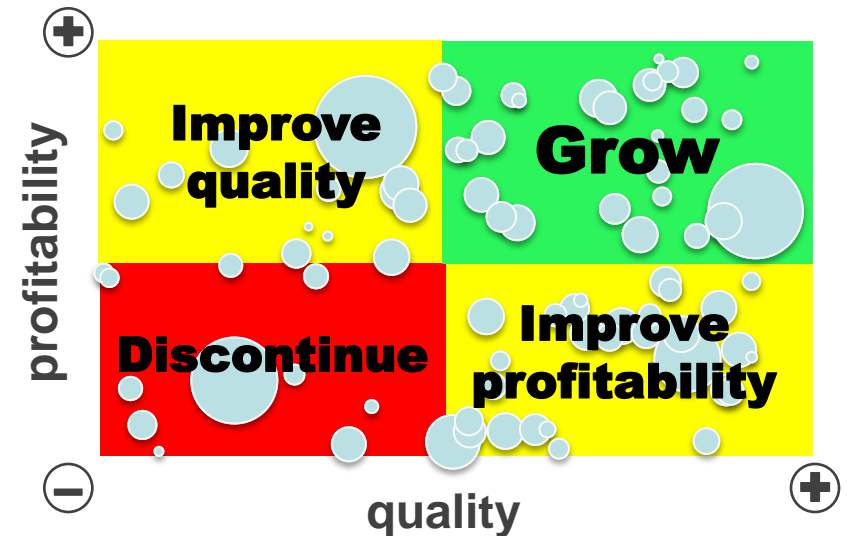
Priority
sample
approval

Priority in
scheduling
Some (limited)
flexibility



Implemented monthly **supplier assessment** reports based on objective metrics to support decisions

Created a '**should-cost**' spreadsheet based on benchmarks to provide cost estimates for negotiations





Less suppliers, **more partners**

- Increased **trust**
- Increased ability to identify and leverage **opportunities**



More and better **communication**

- Closer collaboration with **suppliers**
- Internal sharing of best practices between **buyers**



Guaranteed capacity to meet **growth** plans

EBIT increase (~**5%**) due to

- Improved or discontinued **weak** suppliers
- Reduced costs/higher revenue with **key** suppliers



We are a consulting firm specialized in **negotiation, influencing and change management**. Our mission is to craft **win-win solutions** that maximize value and relationships (even when others deem it impossible).

Client needs

We work with clients globally creating an **impact on business and society**.

We help you **challenge assumptions**, develop **value-creating solutions**, and make it happen through solid **influencing & change management**, while maintaining exemplary **ethics and social responsibility**.

Practice areas

- Change Management
- Negotiation & Influencing
- Sales
- Procurement
- Mergers & Acquisitions
- Auctions & Game Theory
- Labor Negotiations
- Dispute Resolution
- Social Impact

Our approach

Strengthen the Team

We **develop the skills** of individuals & teams, through training and coaching.

Our **Immersion Program** engages participants in a series of experiential activities to effectively instill new habits and ensure real life impact.

Facilitate the Process

We assist teams involved in **critical negotiations and change processes** to maximize value. We help map key stakeholders and relationships and strategize ways to influence decisions.

Transform the Organization

We ensure the negotiation, influencing and communication standards are aligned with the **strategic objectives, culture & values** of the organization.

Client results

Increased value

- US\$10bn higher value vs. initial bid for large industrial takeover target
- US\$21 million gains in five contracts with a key financial services client
- 10% savings in mining supplier contracts worth 100s of US\$ million
- Fast growth and 5% higher EBIT with better retail supplier relations
- Profitable oil business acquired in a complex multi-round public auction

Effective communication

- Smoother communication enabling 20+ parties in a global NGO to align interests and work together

Enriched relationships

- Transactional supplier relationships transformed into solid partnerships, with a renewed negotiation culture