



“STRATEGIC SOURCING” CASE STUDY



ABOUT THE CLIENT

Industry	Chemicals
Revenues	\$2 billion
Employees	7,000
Location	US, Europe
BSI Service or Solution	Strategic Sourcing

Key Challenges

- Profit margins were narrowing as a result of increasing prices and an ineffective procurement function
- The procurement organization was fragmented as a result of rapid growth through acquisitions
- Category management processes and organization were needed, but leadership lacked the experience to design and implement them

Project Scope

- North American operations
- Transportation, Logistics, Lab Supplies, and IT categories as the initial strategic sourcing ‘wave’
- Facilities, Energy, Printing, HR Services, and other categories as the second ‘wave’

Operational Benefits Realized

- Better control over corporate external expenditures through new organization structure and improved processes
- On-the-job training of about two dozen team members through their work with BSI’s onsite consultants

Why BSI was Selected

- Proven track record of achieving savings through strategic sourcing
- Benchmarks for ‘best practice’ organization, processes, and performance
- Deep expertise in category management

Project Approach

- Spend analysis
- Supplier identification
- Sourcing strategies
- RFI/RFP/RFQ
- Negotiation
- Implementation plan

Financial Benefits Realized

- 14% “ready-to-sign” savings achieved on Wave 1 categories
- Up to 24% potential savings, with substantial changes, on these categories
- Plan to restore target profitability