



“NEGOTIATIONS SUPPORT” CASE STUDY

"Thank you again for letting us learn from your work."
– Chief Procurement Officer

ABOUT THE CLIENT

Industry	Electric and Gas Utility
Revenues	\$32 billion
Employees	32,000
Location	Europe
BSI Service or Solution	Framework Agreement Negotiation

Key Challenges

- Previous agreements were short-term, transactional, and loose
- Suppliers expected an easy negotiation and routine price increases
- Budget was running a deficit due to rising raw material costs

Project Scope

- All US operations (6 operating companies)
- Pipes, valves, fittings, corporate vehicles, and other capital and consumable materials
- Capital and expense items
- 47 stocking locations
- Vendor-managed inventory and kitting

Operational Benefits Realized

- 75% reduction in the number of suppliers
- Standardized products and pricing across operating companies reduced management overhead

Why BSI was Selected

- Prior experience in negotiations
- Track record of impressive savings from sourcing projects
- Fact-based approach
- Analytical depth and tools to handle a large number of items
- Logistics experience (logistics was a key cost driver)

Project Approach

- Analysis of client spend by supplier and sourcing category
- Analysis of suppliers' businesses, trends, and profitability
- Preparation of negotiating strategies
- Three rounds of team-based in-person negotiations per sourcing category
- Contract awards
- Finalization of terms and conditions
- Transition to new suppliers

Financial Benefits Realized

- 24% savings on purchased materials
- Additional rationalization of the associated inventory and manpower
- Material increase in shareholder value, which was important to subsequent merger activity