

A \$1B custom window blinds and treatments company engaged ACG to identify and capture savings and other performance improvement opportunities relating to their fanfold corrugated spend. ACG and the client had two supplier options that each produced a nearly 18% total cost reduction

SITUATION

The incumbent vendor had supplied the client for more than 12 years. ACG studied the specifications and volumes and concluded that there was a significant cost reduction opportunity available by taking the spend to the market. The client purchased fanfold sheets, which is a corrugated sheet that requires special manufacturing / finishing, and therefore has a limited, geographically dispersed supply base. ACG used its technical, manufacturing, and commercial expertise to create and execute a highly effective bid process

RESULTS

Price Reduction

12.2%

Project generated 12.2% savings on “like for like” specifications on a commoditized group of items

Upfront “pre-bate” Benefit

3.0%

Part of the negotiations with the incumbent and other suppliers was upfront payments / ongoing cost reduction guarantees. One of the offers included a 3.0% upfront payment as an advance against ongoing savings achievement

Redesign and Supply Chain

3.1%

One supplier offered a combination of supply chain modifications and ongoing cost takeouts via spec modifications that would produce a minimum of 3.1% of incremental savings over the life of the agreement, with a much larger savings “upside”