



Case Study: Indirect Category Expansion

US Building Products Manufacturer

Situation – A current member that had tackled some of the more straightforward categories in their path toward centralized procurement asked CoVest to assist in creation of centralized contracts for additional categories.

Approach – We worked with the member and our supplier to drive a deep understanding of the business’s needs beyond simple price savings to ensure a strong fit from the inception of the contract. This was accomplished through the engagement of many internal stakeholders after we had gone through the benchmarking process and determined that sufficient savings was on the table to warrant the effort. Those categories included Bearings & Power Transmission, Electrical Supplies and Temporary Labor.

Impact – Each of the categories drove significant savings and compliance to the central contract increased dramatically as a part of the effort.

Engagement Profile	
Company Description	Building Products Manufacturer
Category	MRO, Temp Labor, Office Products
Product Sub-Categories	Bearings & PT, Electrical Supplies, Temporary Labor
Current Supply Situation	Central contract exists but with very low compliance
Procurement Strategy	Create centralized contracts and work with sites individually to sell the contract to drive compliance (all categories non-mandated)
Timeline of Engagement	The member desired to work a category at a time, each of which took 3-6 months to complete.

