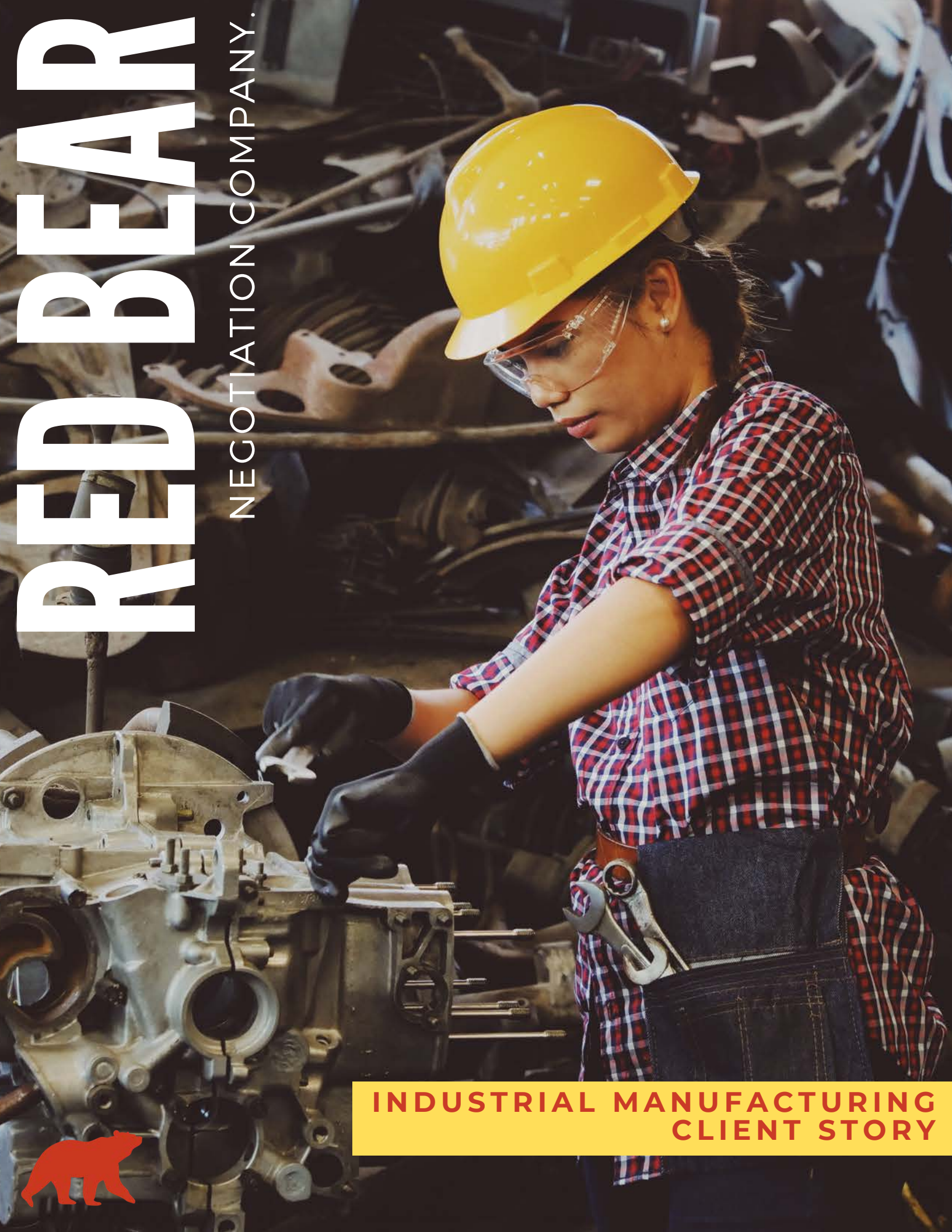


RED BEAR

NEGOTIATION COMPANY.



**INDUSTRIAL MANUFACTURING
CLIENT STORY**



SUMMARY

- Client:** Fortune 1000, industrial automation and industrial control products
- Geography:** Global
- Challenge:** Improving productivity and supplier performance
- Results:**
- \$56.8 million in improved productivity - cost savings/avoidance and working capital
 - Improved supplier quality, lead times, inventory control, and risk management
 - ROI of 62-to-1 within one year

62 TO 1

return on
investment

\$56.8 M

improved
productivity

THE SITUATION: A STRATEGIC GOAL

This global automations and controls enterprise needed to lower supplier costs by fully transitioning to global sourcing, consolidating suppliers, and increasing the number of suppliers from emerging markets. They asked RED BEAR Negotiation to help them find a way to achieve increased productivity, improve supplier delivery performance and payment terms, and reduce supplier lead time.

THE BUSINESS CHALLENGE

Driven to maintain and increase profitability, today's suppliers are increasingly savvy negotiators contributing to increasing costs of goods sold. In response, this client developed a global sourcing strategy aimed at reducing supplier costs that met with internal and external resistance. The challenge was to negotiate a new cooperative spirit among internal business "silos" who were resistant to the global sourcing strategy and at the same time combat increased supplier costs by negotiating more favorable agreements while maintaining quality of availability.

HOW WE HELPED

RED BEAR Negotiation's *Negotiating With Suppliers*™ provided the methods, structure, and tools to help global sourcing professionals develop expertise in carefully uncovering, understanding, and properly addressing the underlying needs of internal and external customers in order to craft more profitable agreements.

Using their improved negotiation skills, sourcing professionals were able to promote acceptance of the company's globalization initiative with internal constituencies and get suppliers to accept the responsibilities of being strategic suppliers.

THE RESULTS

Negotiating With Suppliers™ (NWS) enabled company management to link the day-to-day activities of purchasing professionals to the company's long-term strategies and goals to reduce supplier costs and consolidate global sourcing partners. Through a world-wide deployment of NWS, this client reported productivity improvements (cost savings/avoidance and working capital) of \$56.8 million in the first year alone, representing a 62.2 to 1 return on investment.

Other results included:

- Improved supplier delivery performance
- Reduced supplier lead time
- Improved payment terms
- Increased positive cash flow
- Inventory reduction
- Improved risk management

PROVEN EXPERIENCE: INDUSTRIAL MANUFACTURING

RED BEAR Negotiation has partnered with many of the world's leading industrial manufacturers to substantially improve the results of their supplier negotiations. Given the trend toward increasing manufacturing costs, it is critical that sourcing professionals operate uniformly and at peak capacity.

The focused expertise of RED BEAR has helped our clients instill far greater discipline and improved planning processes and skills sets among their sourcing professionals. This has led to dramatically improved supplier productivity in the face of price pressures in many supply markets.

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"The most important thing that I learned from NWS, and that I believe almost all of us learned, was that the detailed planning of each negotiation means that you will be more successful every time. Having the exact method, [as] taught in *Negotiating With Suppliers*[™], makes this very accessible so anyone from that class can begin right away."

GLOBAL INDIRECT SOURCING LEADER