Strategies to Rein in Indirect Services & Boost U.S. Manufacturing Profits

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Certified B Corporation

Who We Are

- Founded in 2002 & focused on complex indirect services
- In-house teams & auditing software built around core categories
- eMOAT®: proprietary, industry-specific auditing/expense management software

What We Do

- Relevant data collection / initial auditing
- Establish "baseline" costs & contractual obligations
- Line-by-line, monthly auditing utilizing proprietary software
- Program optimization / right-sizing

Facilities Management Services

Energy & Utilities Services

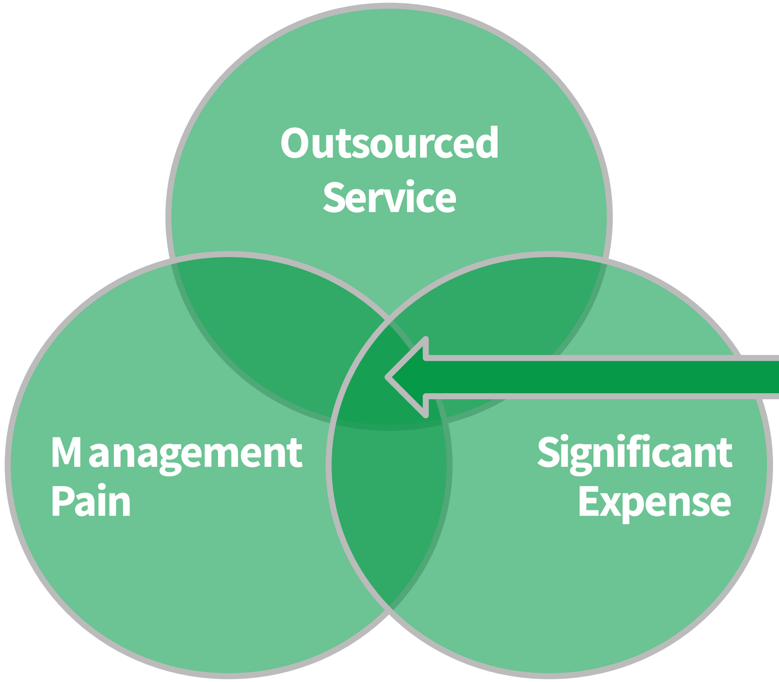
Waste & Recycling Services

Uniform & Facility Services

Security & Guard Services

Pest Control Services

FM Sub-Categories



Highly Likely

- IFM Programs
- Janitorial services
- Floor care/upholstery
- Maintenance
- Elevators/lifts
- Invoice/bill payment
- Landscaping
- HVAC

Potential

- Alarm monitoring
- Engineering
- Plumbing
- Secondary power
- Window cleaning
- Food services
- Fleet management
- Move management

Unlikely

- Lighting
- Carpentry
- Vending services
- Water/coffee service
- Parking/grounds
- Signage
- Building automation
- Electric

Trusted by Manufacturing clients throughout North America & Europe

- Aviation & Aerospace
- Building Materials
- Construction Materials
- Food & Beverage
- Medical Equipment
- Pharmaceutical
- Chemical
- Electrical
- Machinery
- Semiconductor
- Textile
- And More…

Complex Indirect Services

P&L Threat

Good Contract, Bad Deal

Well-negotiated contracts…that appear optimal… often result in costs significantly above market

Hidden “Unknown, Unknowns”

Categories like FM, security, waste, uniforms, pest control, & utilities hide "unknown unknowns" that erode savings

Annual Cost Escalation

Without constant management, costs rise 8-12% annually between sourcing events

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Complex Indirect Services

Traditional Sourcing's Downfalls

Savings Erosion

Volatile labor, energy price swings, & supplier strategies cause cost creep even after contracts are signed

Limited Bandwidth

Lean procurement teams lack bandwidth for deep, vigilant invoice-level category management

Exploiting Gaps

Suppliers exploit contract gaps, index mismatches, & engage in margin-grabbing tactics

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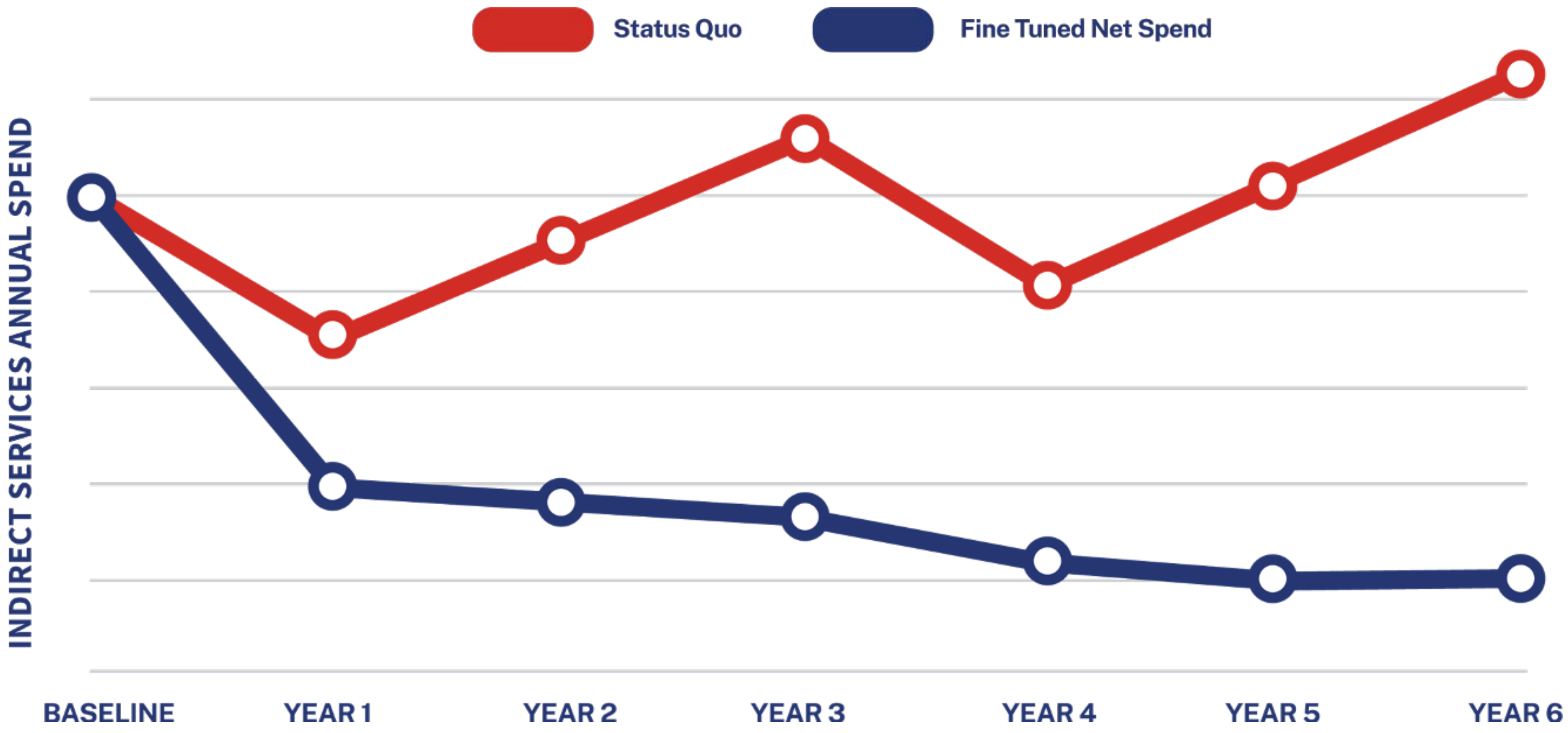
The Positives: There Are Solutions



- Proven strategies exist to stop cost creep & sustain savings in complex indirect services
- Real-world results show that with the right expertise, tools, & vigilance, manufacturers can beat the “roller coaster”

“Three-Legged Stool”

A more P&L focused approach

Expertise

Ability to stay on top of supplier cost models, “nooks and crannies,” and margin grab tactics

Technology

The right data to enable better decision-making, continuous validation of program impact

Continuous Management

Rapid response to non-compliance & program changes, relief from burdensome expenses

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Waste Case Study:

- Fortune 500 Company
- 54 U.S. manufacturing facilities
- $13.8MM program

Pre-Fine Tune

- 80% National, 20% Regional/Local
- 10%+ annual & pre-RFP increases
- Lack of leverage…waited too long

RFP/Contracting Process

- True total cost of ownership evaluation
- Direct negotiation of key T's & C's
- 46 Incumbent awards & 8 transitions

Post Implementation

- **16.1%** Spend reduction
- Ongoing compliance auditing

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Pre-Fine Tune

- Completely decentralized
- Corp, franchise & local suppliers
- Vendor created scopes/service issues

Contracting Process

- Scope evaluation & optimization
- Direct negotiation of key T’s & C’s
- National provider strategy

Post Implementation

- **39.6%** Spend reduction
- Non-program facilities added

Janitorial Case Study:

- Fortune 500 Company
- 30+ U.S. manufacturing facilities
- $1.2MM program

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Uniform Case Study:

- Large private organization
- 85 U.S. facilities
- $16.2MM program

Pre-Fine Tune

- 3 National-vendor strategy
- Highly complex & varied program
- Good contract, bad deal

Auditing/Contracting Process

- **$6MM** in overcharge recovery
- Direct negotiation of key T's & C’s
- 2 Cost-neutral national options

Post Implementation

- **38.2%** Spend reduction
- Ongoing compliance auditing, optimization, transition assistance, & new product negotiations

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Thank You for Attending!

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