



## mehrWERT

- better purchasing
- Tailor-made assortments
- higher margins

## Case Study

## Purchasing

Profitable growth through effective use of purchasing synergies

**WERTIFY**  
CONSULTING

# Wholesaler does not benefit from additional purchasing synergies.

## The initial situation

A medium-sized wholesaler has grown rapidly through acquisitions in other European countries. The acquisitions were to be largely financed by better purchasing prices from strategic suppliers. The demands for better purchasing conditions were based on understandable factors such as higher purchasing volumes, growth and standardisation of purchasing prices.

Over time, it became apparent that the retailer was unable to enforce its claims against the most important and largest suppliers.

There were various reasons for this:

1. The negotiations were conducted with the same contact persons. The set-up was not adapted to the new situation.
2. The country organisations continued to negotiate at local level
3. The (justified) claims were not backed up with a business strategy
4. The central purchasing team was overwhelmed by the new situation
5. Last but not least: the suppliers had strategically prepared themselves perfectly for the new situation and wanted to prevent concessions with all their might

Conclusion: Just because a claim is justified does not mean that it has been enforced.

# Repositioning of the European product range strategy and restart of negotiations.

## Our measures

It's generally not easy to reopen negotiations that have reached a deadlock. We had to change the entire set-up of the negotiations so that they didn't look like "interfaces". Firstly, we significantly improved the internal conditions so that we could then approach the suppliers with a different negotiation strategy.

### Internal measures

- 1. Harmonisation of a Europe-wide category strategy**
  - Increasing the retailer's attractiveness to strategic suppliers
  - Basis for the centralisation of product ranges
  - Basis for necessary product range adjustments
- 2. Reorganisation of the pan-European purchasing teams**
  - Expansion of competences in central purchasing
  - Europe-wide key account principle in purchasing
- 3. Adoption of Europe-wide purchasing rules**
  - Strengthening centralised negotiating power through do's and don'ts for countries and headquarters

### Restart of negotiations

- 1. Selection of preferred suppliers**
  - Targeted approach of pre-selected suppliers
  - Communication of concrete countermeasures
- 2. Searching for the right negotiating partners**
  - For the first time, we have only started negotiations with the respective European bosses. An unmistakable signal to all suppliers.
- 3. Involvement of the country managers in parts of the negotiations**
- 4. Perseverance, patience and a willingness to compromise at the right moment**

# Stufenweise Preisharmonisierung und strategische Bonusvereinbarung mit Top 3 Lieferanten.

## Die Ergebnisse

Mit den drei wichtigsten Lieferanten aus zwei strategischen Profilierungskategorien konnten erstmals europaweite Vereinbarungen getroffen werden. Folgende Verbesserungen wurden dabei erzielt:

- Stufenweise Angleichung europäischer Einkaufspreise
- Verbesserte Einkaufskonditionen, basierend auf einer strategischen Bonusvereinbarung
- Marketing- und Vertriebskooperationen
- Optimierung der Logistik- und Supply Chain Prozesse (Kostensparnisse, höhere Warenverfügbarkeiten)

Die strategischen Lieferantenvereinbarungen haben in einem Zeitraum von drei Jahren zu einer deutlichen Verbesserung der Handelsmarge geführt. Außerdem erzielten die neu strukturierten Profilierungskategorien zweistellige Wachstumsraten und trugen damit einen erheblichen Beitrag zum profitablen Wachstum der Handelsgruppe bei.

Die Lieferanten konnten aufgrund der strategischen Vereinbarung mit dem Großhändler ihren Marktanteil weiter ausbauen.

# Gradual price harmonisation and strategic bonus agreement with top 3 suppliers.

## The results

Europe-wide agreements were reached for the first time with the three most important suppliers from two strategic profiling categories. The following improvements were achieved:

- Gradual harmonisation of European purchase prices
- Improved purchasing conditions based on a strategic bonus agreement
- Marketing and sales co-operations
- Optimisation of logistics and supply chain processes (cost savings, higher availability of goods)

The strategic supplier agreements have led to a significant improvement in the trading margin over a period of three years. In addition, the restructured profiling categories achieved double-digit growth rates and thus made a significant contribution to the profitable growth of the retail group.

Suppliers were able to further expand their market share thanks to the strategic agreement with the wholesaler.

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