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Risk Free Cost Reductions

Flexible Intermediate Bulk Containers (FIBCs) Structured Sourcing Process and e-Tool Deliver Double Digit Savings

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As sourcing organizations mature, it becomes more and more challenging to deliver significant savings across well-sourced categories. However, it has been Paladin Associates' experience that there continue to be opportunities in both direct and indirect categories.

Recently a client engaged Paladin to lead the sourcing process for Flexible Intermediate Bulk Containers (FIBCs). While the process was not unusual, its rigor demonstrated efficiency, effectiveness and the capability to deliver not only savings, but to provide greater understanding of and continuity of specification requirements and usage at the client.

Since FIBCs had not been sourced in several years, the following process was initiated:

- Leverage an e-sourcing tool to facilitate the RFI, pre-bid and reverse auction.
- Identify a large pool of potential suppliers, giving up-front notice of intent to leverage an e-auction. Over 50 suppliers, domestic and foreign/low cost country as well as manufacturers and distributors, were contacted.
- Conduct RFI survey of interested suppliers (34). Approximately 70% of the suppliers completed the RFI.
- Narrow field based on client review of RFI responses.
- Conduct pre-bid (similar to a sealed bid or RFP).
- Analyze pre-bid and narrow field based on client input.
- Conduct reverse auction.
- Client selects winning supplier(s).
- Finalize negotiations with winning supplier(s).
- Accredit winning supplier(s) across multiple sites.

From this structured e-sourcing process, the client benefited in several ways:

- Greater internal communication between FIBC (site) users.
- FIBC specification documentation with some standardization.

- Increased internal awareness of client's sourcing organization, process and benefits when leveraged across the business, rather than at the local level.
- Consolidated RFI, Pre-Bid and Reverse Auction reporting generated by the e-sourcing tool.
- Significant double-digit savings as a result of adhering to a robust process, and introducing competition on a global scale.

Paladin Associates Inc., a Sourcing Cost Reduction firm, offers strategic sourcing expertise for multiple commodities to secure "fast track" quantifiable savings and long term cost reduction programs.

We can help you with technology implementations such as spend analysis and eSourcing as well as sourcing process improvements, skill training and staff development while delivering bottom line savings with a guaranteed ROI. For more complete information, visit:

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