

CONTRACT MANAGEMENT

PRGX Case Study: Contract Manufacturing Suppliers

AUDIT SCENARIO

- ◆ CPG firm with co-packer production
- ◆ 22 suppliers in North America (expanded from initial 6)
- ◆ Auditable spend of £1.6 Billion

BREAKDOWNS IDENTIFIED

- ◆ Bill of Material (BOM) Quantity Errors Purchase Price
- ◆ Variance (PPV) Cost True Ups Scrap/Shrink standard
- ◆ versus actual Warehousing Charge errors
- ◆ Packaging cost overcharges Core
- ◆ Charge Credits
- ◆ Foreign Currency Translation Errors

OTHER KEY LEARNINGS

- ◆ Audit led to contract template re-write
- ◆ Validating components of bill of materials – mostly raw materials

3 Year Future
Savings Corrective
Actions Identified

>£8M+

Historical Cash
Recoveries
Realized

£2.7M

