

Case Study

Client: Large Public University

Service: RFP/RFQ Services (Office Products)

Result: Estimated Annual Savings of \$680,000



The Client

A large public university with a student population of over 30,000 and employing over 12,000 individuals spending approximately \$3.5 million annually on office supplies. This client has a centralized purchasing management system for its 5 campuses located in western Pennsylvania.

The Business Situation

The client's office supply spend was divided almost evenly between 3 vendors - 2 national and 1 regional. All 3 vendor agreements contained pricing structures that included fixed prices for core items and a "variable discount" for non-core items. There was no list of discounts for non-core items nor was there any explanation of the term "variable discount" in any of the vendor agreements.

Management was interested in consolidating its office supply spend to 1 vendor in order to leverage its spend volume. An RFP process was initiated by the client and Chartwell assisted the client throughout the process.

The Services Provided

Although Chartwell was capable of running the entire RFP process, the client wanted to maintain strict control over the entire process. Chartwell was asked to provide commodity-specific consulting, analysis, reports, and contract negotiation services throughout the RFP process. Following is a summary of the services provided to the client.

- Chartwell requested and obtained detailed historical purchase data from each of the vendors, then consolidated and analyzed the historical data to gain an understanding of the client's office supply purchasing environment.
- Chartwell reviewed the draft of the Request for Proposal and provided the client with

recommendations as to the RFP construction, the form of RFP responses, and the pricing structure of the final agreement.

- We gathered the vendors' proposals, analyzed the pricing proposals, and prepared comparative reports detailing and summarizing all proposals.
- The proposals were discussed with the client and a list of questions to clarify certain issues within the proposals was developed and sent to the vendors.
- Chartwell then incorporated vendor responses into its final reports and prepared its recommendations on vendor selection, but only as it related to overall commodity pricing.
- Chartwell provided the client with additional reports and consulting as needed throughout the RFP process.
- We assisted the client with the fine-tuning of final commodity pricing and contract language for the vendor that the client selected.
- Our final analysis included the validation of price files down-loaded to the client's purchasing system to ensure that negotiated pricing would be the prices charged to the client.

The Results and Benefits

As a result of all these efforts, it is expected that the client will save approximately \$680,000 annually on its office supply costs.

Chartwell will perform quarterly Price Compliance Audits for the term of the new vendor agreements to insure invoice accuracy and to identify additional savings opportunities for the client.