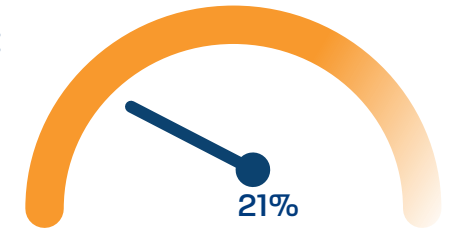


Optimizing chemicals procurement in a hyperinflationary environment

Annual savings:

\$1.1M

Chemicals



The client

A U.S. based chemical manufacturer and leading developer of reactive resin systems reached out to ERA's specialists for help to combat inflation.

The challenge

Throughout 2021 and 2022, the client faced significant challenges due to hyperinflation, resulting in soaring raw material costs. The company was in need of strategic solutions to navigate this financial turbulence and optimize its procurement processes.

The solution

ERA's specialists identified several key areas where improvements could be made for the manufacturer, including pricing alignment, supplier diversification, and index-linked pricing/service agreements.

ERA ensured the manufacturer's pricing structure was appropriately aligned and adjusted to commodity indices, considering the fluctuating market conditions. Regarding the client's supplier base, ERA's specialists introduced alternate suppliers and chemicals for consideration and testing by R&D, broadening the supplier base for enhanced flexibility. In the end, the client opted for a mix of incumbent and new suppliers to achieve the optimal result.

Lastly, ERA negotiated agreements to tie prices to relevant indices, providing the manufacturer with a dynamic pricing strategy that could adapt to market movements. These process improvements, best practices, and industry insights offer the manufacturer a way to combat rising prices in the future.

The result

The client was able to achieve substantial savings in excess of \$1.1 million annually (more than 20%) as well as optimize their supply chain. The introduction of additional suppliers and products alleviated supply chain constraints during the hyperinflationary environment. Furthermore, the process improvements, best practices, and industry insights provide the client a way to combat rising prices in the future.

