

Turning supplier risk into \$2.4M recovered

How a mid-sized manufacturer flipped supply chain vulnerability into leverage — and built the margins to prove it.

MANUFACTURING

CONTRACT NEGOTIATION

RISK MITIGATION

THE CHALLENGE

Rising input costs and inconsistent supplier performance were quietly eroding margins at a mid-sized manufacturer. Procurement was reactive, contracts were stale, and the team lacked the structure to change either.

The risk wasn't just financial — it was operational. One supplier miss could cascade into missed customer commitments.

WHAT WE DID

Savings Edge conducted a full spend analysis and identified over \$2.1M in addressable savings across the company's top 20 suppliers. The biggest move: negotiating a **reliability rebate** with their most critical raw material supplier — requiring the supplier to pay back a percentage of sales any time they failed to maintain agreed safety stock levels.

The move shifted the consequence of unreliability back to its source. Alongside the rebate, Savings Edge renegotiated pricing and terms across key contracts and restructured the procurement team around category ownership.

RESULTS

\$2.4M

recovered via reliability rebate over 6 quarters

40%

reduction in supplier-related disruptions

+3.2pt

gross margin improvement

The rebate didn't just recover cash — it changed behavior. Facing recurring penalties, the supplier invested in their own manufacturing redundancy, dramatically improving delivery reliability going forward.