



PROCUREMENT SERVICES



# CASE STUDY

**LUBRICANTS & OILS**  
STRATEGIC SOURCING REVIEW

## PROJECT SNAPSHOT

**CLIENT INDUSTRY**  
Automotive



**LOCATION**  
Qld/NSW



**SOLUTION**  
Strategic sourcing



**OUTCOME**  
21% annualised P&L savings





## • BACKGROUND

The client was a diversified automotive dealership group with 19 vehicle dealerships across 2 states, including regional sites. The relationship with the lubricants supplier had been in place for over 20 years, with minimal reviews or assessments carried out in that time. As part of a savings analysis conducted by Spend Solutions it was identified that significant savings opportunities existed within lubricants & as a result Spend Solutions was engaged to conduct a strategic sourcing review.

## • PROJECT OVERVIEW

Spend Solutions was engaged to conduct a thorough review of lubricants & oils supply to deliver a sourcing strategy that optimised commercial terms & supply while meeting the operational needs of each business.

An initial analysis was conducted to understand the current state, including obtaining usage reports, speaking with key stakeholders & mapping out the supply chain to each site. This process identified current issues & opportunities, from which a sourcing strategy was developed. Spend Solutions then conducted a tender exercise that included proposal analysis, negotiation & preparing sourcing scenarios for client consideration.

Spend Solutions outlined to the client the benefits & risks of each sourcing scenario, allowing the client to make an informed sourcing decision. A supply agreement was then negotiated & finalised by Spend Solutions with the successful supplier. Finally, Spend Solutions worked with key stakeholders to implement the new terms to ensure a successful implementation.

## • PROJECT OUTCOMES

The review immediately identified significant improvements in pricing & other commercial terms that could deliver cost savings. The review also identified improvement opportunities within the supply chain such as product rationalisation, larger tanks & automated gauging that could further reduce costs & improve supply performance.

**Overall, the project was able to deliver a savings of 21%, while also delivering improved commercial terms & supply performance.**

Spend Solutions worked with the client to implement the new terms so that the savings could be maximised with no business disruption.

## CONTACT DETAILS