

What is the client's time commitment?

RTi understands that most of its clients don't have incremental resources that are positioned to do extra projects. Therefore, RTi does as much of the heavy lifting as possible. We provide our clients with all the email responses to their vendors as well as write all the emails to assist them in collecting data from their vendors. We can also create negotiation decks and provide negotiation strategies if needed. Typically, the majority of our client's time is spent in the first 3-6 weeks of data collection and even then RTi will offer on/off-site assistance wherever possible to minimize our client's time commitment.

How do you get paid?

RTi only gets paid when your invoice is lowered. All of our fees are paid out of your savings. We are only paid on realized savings not projected savings. RTi prides itself on our no-risk, fair compensation system. If we don't create value for you or an item is discontinued, we don't get paid. Simply put we are successful only if our clients are successful.

How are raw material market movements considered when calculating savings?

RTi only gets paid out of areas in which we create value. We do not get paid nor are we penalized for price movements in the raw material markets. Most contracts have price formulas based on raw material pricing. These formulas will stay in place, but the starting pricing point will be lower. Therefore, any future movements in raw material prices are nullified when calculating savings for our compensation.

What is the average spend in a category that RTi considers worthwhile?

Typically, any spend over \$3MM in a single category is worth reviewing. Any single supplier contract should exceed \$1MM.

What if I have current contracts in place?

It is best to engage when the current contract is within 6-9 months of expiration. If major savings are identified, contracts can sometimes be pulled forward for negotiations.

What is our obligation to follow any of RTi's recommendations?

Per specific language in our contract, the client is not obligated to follow any of our recommendations. The client makes all decisions regarding negotiated pricing and/or selected supplier(s).

Please See Reverse Side

What is the time frame for typical engagement and time to savings?

This is highly dependent on the complexity of spend, the category being examined, and the level of detailed specification data available. Corrugate is typically the quickest category to benefit at 3-4 months. Other more complex categories, like rigid or barrier film, can be 6-9 months.

Are the cost models and target pricing developed at line item level?

Yes. Every item within the purview of the contract being negotiated is cost modeled and a target price is applied. This is critical in guiding the negotiation strategy.

How do you determine target pricing when modeling?

It is based on our 10 years of experience in specific markets/categories. Our economic benchmarks (supplier margins applied to cost model to create target pricing) are what RTi has continuously been able to achieve in individual markets by category. For example, within the protein markets specific to barrier film, we have been able to consistently achieve 25% - 30% targeted supplier margins. The key success factor in positioning item-level target pricing is having a credible/profitable target that the incumbent supplier knows his competition would accept if offered.

Are you directly involved in the negotiations?

Our typical engagement model is to be behind the scenes, unknown to the supplier. We work in close collaboration with the procurement team throughout the negotiation process. If specifically requested by the client, we can participate or take full ownership of negotiations.

How do suppliers typically respond to the process?

“Best In Class” suppliers always respond well to open and honest conversations based in facts. Our fact-based negotiation process fosters a more strategic relationship with your key suppliers. Vendors are able to enter into long term contracts at sustainable, fair margins that permit them to reinvest in the business. However, there will always be suppliers who don't want to have honest conversations because the margin they have been enjoying is far higher than they have disclosed.