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Case 1-2**Erica Carson**

"We will do it for 10 percent less than what you are paying right now." Erica Carson, purchasing manager at Wesbank, a large western financial institution, had agreed to meet with Art Evans, a sales representative from D. Killoran Inc., a printing supplier from which Wesbank currently was not buying anything. Art Evans's impromptu and unsolicited price quote concerned the printing and mailing of checks from Wesbank.

Wesbank, well known for its active promotional efforts to attract consumer deposits, provided standard personalized consumer checks free of charge. Despite the increasing popularity of Internet banking, the printing of free checks and mailing to customers cost Wesbank \$8 million in the past year.

Erica Carson was purchasing manager in charge of all printing for Wesbank and reported directly to the vice president of supply.

It had been Erica's decision to split the printing and mailing of checks equally between two suppliers. During

the last five years, both suppliers had provided quick and quality service, a vital concern of the bank. Almost all checks were mailed directly to the consumer's home or business address by the suppliers. Because of the importance of check printing, Erica had requested a special cost analysis study a year ago, with the cooperation of both suppliers. The conclusion of this study had been that both suppliers were receiving an adequate profit margin and were efficient and cost-conscious and that the price structure was fair. Each supplier was on a two-year contract. One supplier's contract had been renewed eight months ago; the other's expired in another four months.

Erica believed that Killoran was underbidding to gain part of the check-printing business. This in turn would give Killoran access to Wesbank's customers' names. Erica suspected that Killoran might then try to pursue these customers more actively than the current two suppliers to sell special "scenic checks" that customers paid for themselves.



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