

# *J. Andrew Associates, Inc.*

## COST REDUCTION AND PURCHASING CONSULTANTS

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### LETTER OF AGREEMENT

J. Andrew Associates, Inc., 12300 Dundee Court, Suite 215, Cypress, Tx 77429, a Texas Corporation, (JAA) and \_\_\_\_\_ (Client), whose principal place of business is \_\_\_\_\_ hereby enter into this Letter of Agreement whereby JAA shall serve as a consultant to Client to examine and analyze the following listed expenses of Client and to make recommendations to achieve savings in these areas :

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JAA does not desire to perform in competition with their clients. Client agrees that the above listed expense areas are not under their analysis, and that all savings generated for each of these areas, regardless of the source of the savings, will be eligible for payment of fees to JAA. JAA is therefore the exclusive agent for achieving savings in the above listed categories for the term of this engagement.

JAA will furnish Client a written report with recommendations for actions that may be taken in the above areas to reduce cost, without sacrificing quality or service. Client will then determine which (if any) of those recommendations the client chooses to accept. JAA will then assist in the implementation of these recommendations to achieve the cost savings. The method of calculating the savings in each area analyzed will be described in the recommendation report and agreed to by each party.

If Client decides not to accept savings with any Supplier participating in JAA's efforts then the Client agrees not to take advantage of those potential savings for a period of 24 months from the time of making that decision. JAA has the right to confirm said savings were not taken without compensation to JAA.

JAA will occasionally discover supplier overcharges to their clients and assist in recovery of those charges. In those instances, JAA will invoice the client for 50% of the recovered amount...after the client has been reimbursed by the supplier.

Client agrees to pay JAA on each recommendation for cost savings which is implemented, a fee equal to fifty cents of every dollar saved during the 24 month period immediately following the full implementation of the recommendation. This fee will be invoiced on a monthly schedule following said implementation.

JAA will monitor the Supplier's invoices and pricing throughout the life of the agreement for accuracy and adherence to the negotiated agreement/contracts.

**IMPORTANT:** JAA agrees to maintain in strict confidence all information received from client concerning their expenses and methods of doing business. Furthermore, **JAA acts as a consultant only** and does not receive commissions or remunerations of any kind from it's vendors or suppliers unless fully disclosed in the recommendations.

This letter of Agreement is entered into effect as of the \_\_\_\_\_ day of \_\_\_\_\_ in the year \_\_\_\_\_.

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**Client**

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**J. Andrew Associates, Inc.**

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