

Background :

- > A FTSE 100 MNC required an exhaustive spend assessment to assist their strategic initiative to deliver savings and improve procurement process compliance.

Challenges

- | | |
|--|---|
| > Heterogeneous data source | > Data across 16 countries, 200+ brands |
| > Inconsistent spend category taxonomy | > Quick Turnaround |

Approach

- | | |
|---|--|
| > Focus on Top Spending Brands that constitute 90% of the Total Spend | > Focus on Addressable Spend rather than Cost |
| > Design outcome-focused data collection and analysis strategy. | > Design effective communication to gain executive support |

Solutions

- | | |
|---|--|
| > Designed Project Plan and Milestones in conjunction with Project Sponsor | > Designed multi-level category taxonomy based on centralised approach defined by the key stakeholders |
| > Analysed the Group P & L to identify Top Spending Brands (based on addressable spend) to be included in the Scope | > Supported Project Sponsor in drafting project charter to be shared with key participants (Brand CFOs) |
| > Designed simple yet comprehensive data collection templates | > Consolidated classified data across different brands in order to get a group wide spend visibility |
| > Designed brand-specific spend classification strategy focussed on reducing the manual classification efforts | > Prepared insightful category analysis reports to support short and medium term saving opportunity assessment |

Achievement

Multi million pound saving opportunities were identified in addition to significant process improvement possibilities such as:

- > Demand aggregation through framework agreements with the group wide suppliers to avail volume rebates and to achieve consistent pricing and terms & conditions across group companies.
- > Demand consolidation for various services / commodities currently procured through multiple suppliers by retendering consolidated global volumes. This in turn will also optimise the supplier base.
- > Reduce maverick spending by introducing strict PO compliance policy ultimately aimed at driving a 'No PO No Pay' policy in the coming years.
- > Reduce off-contract spending by introducing Purchase Catalogues linked to the Purchase Requisitioning Systems.
- > Improved management of tail spend by introducing P-cards for small value purchases.