

Business case

Diagnosis and Building a Program to Transform the Procurement Organization to Support a Short and Medium Term Savings Plan

PRACTICE

Procurement

SECTOR

Construction

DURATION OF THE MISSION

2 months

Our client, a leading family-owned company in the highly technical construction industry, wants to carry out a diagnosis of its organization and its procurement practices in order to increase the profitability of its sites.

KEPLER will assess the performance of the organization and the Procurement practices to build a transformation program.

Context

- Leading company in technical trades, building envelopes and renovation of historic monuments
- A Procurement function that is not very structured and underrepresented within the organization chart
- Dis-harmonized Procurement management among projects and spread over three areas: a procurement group covering regular supplies, two internal buyers to support some important projects on subcontracting issues and project managers involved in the act of procurement according to their sensitivity and their appetite for this activity
- Strong growth expected over the coming years

Objective(s)

Full Performance Delivery

- Building a short and medium term savings plan
- Building a transformation program for the Procurement Organization (structuring, review and harmonization of the distribution of roles and responsibilities) to increase savings and sustainable impacts
- Simultaneously, driving a quick win on temporary expenses to prove the effectiveness of our approach, onboarding the teams and contributing to the funding of the mission entrusted to us

Methodology

1 Current Situation

- Interviews with top management: vision and strategic orientations
- Interviews with middle management and stakeholders across the entire value chain, preliminary analysis, costing study, execution study
- Collection and analysis of standards (DPGF, CCTP, Subcontracting agreement, framework agreements, Unit Price Schedules, etc.)
- Mapping of procurement processes and procedures and identification of performance stumbling blocks and malfunctions
- Data collection and analysis of the procurement structure: supply, subcontracting and temporary work by family and sub-family of expenditure
- Analysis of the contribution of procurement to EBITDA (BFA collected, procurement productivity, etc.)



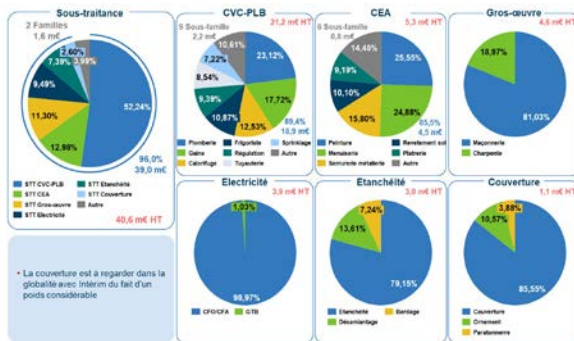
2 Opportunities and Action Plan

- Identifying and assessing savings opportunities: review and concentration of panels, redistribution of market shares, massification of volumes, negotiation of purchase prices and BFAs, review of contracts, overhaul of the organization and reinforcement of Procurement processes on deals
- Presenting a diagnostic report and prioritized recommendations to increase expected savings and productivity (supply, subcontracting, BFA, target organization and distribution of roles and responsibilities, Processes and procedures for collaborative procurement): initiatives, issues, levers, implementation schedule, savings schedule

3 Quick-Win Interim

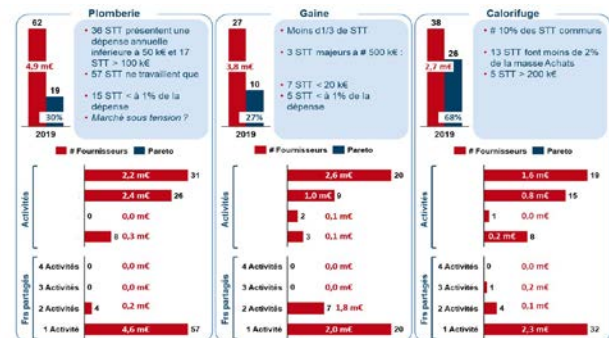
- Implementing the levers identified and supporting the realization of gains and the implementation of effective monitoring and management of Temporary Work Companies

■ Analysis of purchases by family

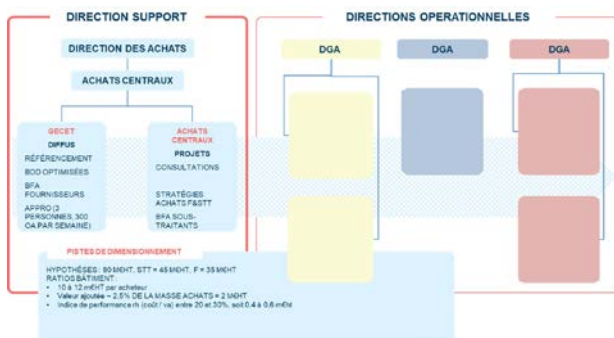


- **Analysis of panels by business line**

- on the entire supply
- on all the trades

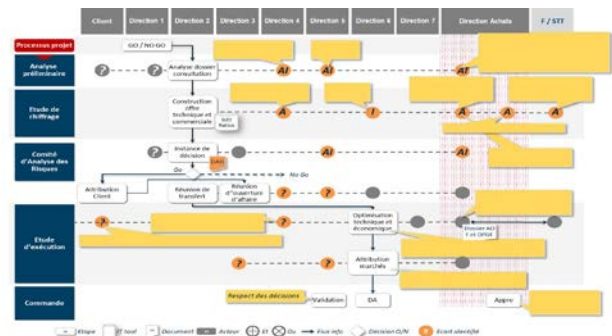


■ Target organization



- **Business process**

- by typology
- by work site size



■ Target savings and accessibility

FOURNITURE							SOUS-TRAITANCE						
Performance Achats													
2019	CA nt	Min %	Max %	% adressé	Min €	Max €	2019	CA nt	Min %	Max %	% adressé	Min €	Max €
PJ & BAC		4	8				Diflax & BPO / MBO		5	7			
Consultation projets		3	7				Consultation Patis GA		5	7			
Gains sur appels		0,5	1				Consultation M&S GA		2	4			
BFA													
2019	CA nt	Min %	Max %	% adressé	Min €	Max €	2019	CA nt	Min %	Max %	% adressé	Min €	Max €
BFA		2	4				Diflax		1	2			
BC 1		3	4				PP		1	3			
BC 2		1	2				P&OP		1	4			

5.2% **Gains**
achieved
on Interim

Gains identified on the supply

3 to 6% Procurement productivity

2 to 4% BFA

Gains identified on outsourcing

4 to 6% Procurement productivity

1 to 3% BFA



Building a
**transformation
program**

A very exciting project requiring the confidence of the Management Committee and the strong involvement of people in the field to ensure the relevance of recommendations and actions. Account managers must be involved in the reflection and in the implementation as they remain responsible for the smooth running of their sites, the quality of their service and the final profitability of the operation.

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