

Optimizing the Procurement of an Aeronautical Supplier Engaged in a Recovery Plan

PRACTICE

Procurement

SECTOR

Aeronautics

DURATION OF THE MISSION

5 months

Our client, a key supplier of the civil aeronautics sector, has initiated a recovery plan involving a strong contribution from the Procurement department.

KEPLER offers the implementation of a negotiation task force and an extended procurement diagnosis.

Context

- Tier 1 supplier leader in its market for civil aeronautics
- Recovery plan involving a significant contribution from Procurement in both short and medium terms

Objective(s)

Delivering Total Performance

- Initiating a transformation plan for the Procurement department while guaranteeing very short-term gains

Methodology

- 1 **Organization of two joint initiatives with the Procurement teams**
(sites in Europe, United States and Asia)
 - Mobilization of a Negotiation Task Force with about forty key suppliers
 - Development of a procurement transformation plan relating to the implementation of Commodity Management in strategic segments and overhaul of the procurement operational mode
- 2 **Organization of a series of workshops with the procurement teams of each site**
 - Upstream to the negotiations, building toolkits enabling reliance upon a consolidated view per supplier and determining the margins of flexibility and the most relevant levers (sales, technical, operational)
 - Interviews with the task forces to select the medium-term actions to be achieved across the entire Business Unit
- 3 **Business ownership for negotiations with selected suppliers**
 - Determination of each supplier's objectives and alignment of the Negotiation Task-Force with these objectives
 - Facilitation of negotiation meetings (2 rounds), follow-up and valuation of supplier proposals, consolidation of savings
- 4 **Development of the medium-term procurement transformation plan**
 - Overhaul of the procurement organization at the Business Unit level, breakdown of roles and responsibilities by area
 - Implementation of Commodity Management and determination of a cost saving plan on the selected segments at stake
 - Formalization and validation with Executive Management of the transformation road map to be undertaken

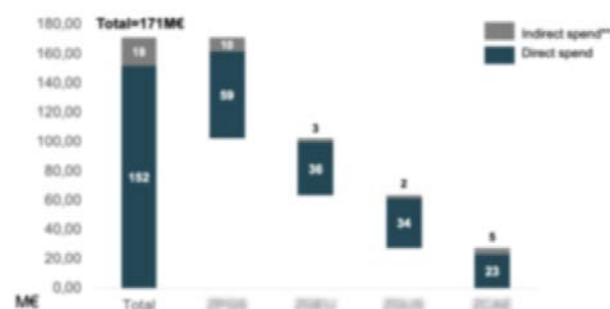
Levers and Tools

- Consolidated multi-site view per segment
- Determination of performance objectives
- 2 to 3 rounds of face-to-face negotiations with critical suppliers
- Procurement / engineering / supply chain workshops
- Implementation of Commodity management and formalization of a road map

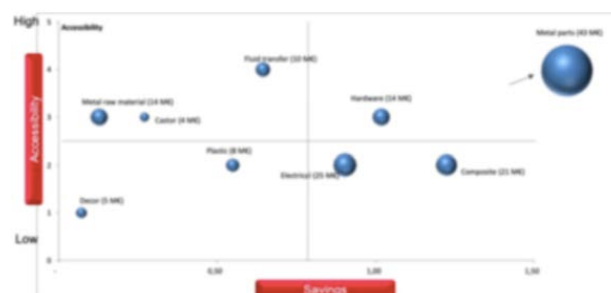
Global negotiation tracking system available

BU Spend (€'100)		Addressed (€'100)		16 ME (12 ME + 4 ME)		# suppliers addressed by BU		11	
Commodity	Supplier	Spent (€'100)	Not spent (€'100)	Price reduction (%)	Volume reduction (%)	Quality improvement (%)	Delivery improvement (%)	Service improvement (%)	Comments
Metal	Filling Source	140							
	Phoenix	1 180							
	Ti Aerospace	3 840							
	American Precision	1 030							
	Rapid Precision	420							
Electrical	SIU Marketing	420							
	PMC	1 140							
Electronics	EnCom	880							
	Flame	2 041							
Decor	Schneider	3 260							
	Phoenix	370							
Total (€'100)		16 000							

Commodity strategy overview



Savings plan



\$2M
/2 months

**Additional
Savings**



**A quantified
transformation
plan**

“Generating cash on a short-term basis and initiating a 3-year transformation plan are not contradictory approaches. They are based on a commodity strategic analysis aimed to identify the most powerful levers. Their only difference is their speed.”

Bernard Ouriou
Partner

Our Offices



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