



Business case

Completing a Procurement Optimization Program for a Distressed Automotive Supplier

PRACTICE

Procurement

INDUSTRY

Automotive

MISSION DURATION

5 Months



Our client, a distressed automotive supplier, requires an in-depth procurement optimization program.

KEPLER offers to carry out a complete diagnosis aimed at evaluating the opportunities for short and medium-term gains.

Context

- A contract counting for 50% of the company's turnover recently lost
- An ambitious savings target launched
 - 5% saved on three main categories
 - 6M € on global procurement
- A procurement organization globally under-staffed and teams showing a low level of maturity
- Collaboration between the Design Office, Production and Procurement staff virtually non existent

Objective(s)

Deliver Total Performance

- Carrying out a diagnosis to build a detailed action plan that will sustain performance

Our Approach



Methodology

1 **Identification of all the levers to be studied and activated in accordance with the context:** functional, technical, organizational

2 **Workshops for Make or Buy and Redesign-to-Cost (RTC)** opportunities identification

3 **Global Sourcing approach** in Europe, on key references (eastern Europe included)

4 **Production lines** assessment for waste management opportunities

5 **Drafting of recommendations supported by interviews** to define:

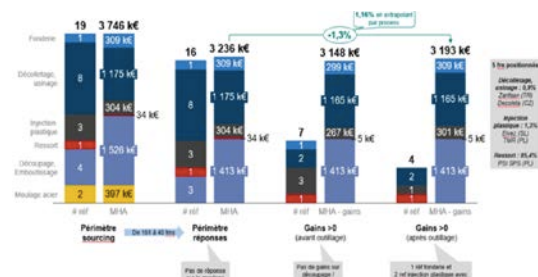
– Efficient collaborative purchasing & technical processes

– proper synergies enablement within the group

Levers and Tools

- **Global Sourcing**
- **Redesign-to-Cost**
- **Make or Buy**

Global Sourcing



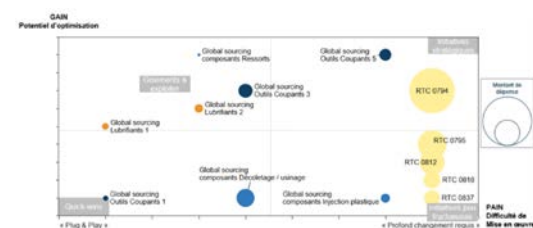
Redesign to Cost



Make or Buy



Pain / Gain



14%
800k€

potential savings identified over total procurement via Global Sourcing

1M€

Savings Achieved through **Redesign-To-Cost**



List of frameworks and recommendations of the organization



Customer positioning based on 15 levers



Initiatives Prioritization (quick wins vs. strategic)



In this kind of crisis context (loss of market share, talent drain, low overall procurement maturity), innovating to adapt and regain momentum is essential.

After verifying the potential, we pushed our client to transform its operating methods and be able to activate and combine, thanks to multidisciplinary project teams, powerful levers: adaptation of technical products specifications, research and qualification of new supply sources, redistribution of its market share, and make or buy on certain links in the product value chain.



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