

Excellence in Procurement

AmCham Croatia
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KEARNEY



Objectives for today

- Introduce Kearney view on excellence in procurement, trends and future outlook
- Discuss challenges you have in procurement, lessons learned, solutions tested
- Present typical elements of procurement transformation project – case
- Discuss possible next steps

Welcome

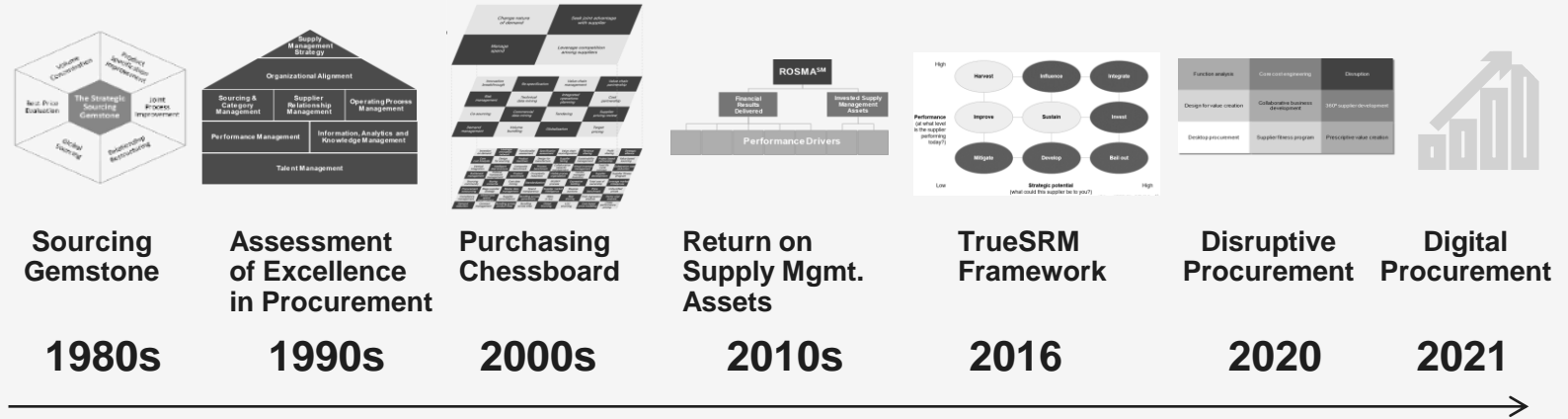


Allow us a 30 second advertisement ...

We set the industry standard for procurement.

During the pandemic, we published 2 books and conducted a dozen CPO exchanges focused on top-of-mind topics

Frameworks addressing Procurement's toughest questions



Books and publications addressing key executive agenda topics



CPO Agendas, Roundtables and Events

Example – topics discussed in Kearney's CPO Exchange calls in the US

Date	April 7, 2020	April 28, 2020	May 12, 2020	May 27, 2020	June 23, 2020	Oct 13, 2020	Nov 10, 2020	January 2021	June 16, 2021	Dec 9, 2021	March 4, 2022
Topic	Survive & Operate during the Pandemic	Shifting from Defense to Offense	Taking Stock from the first 6 months	Are you being aggressive enough?	Shifting from tactical to strategic focus	Resilience	ESG and Supplier Diversity	Disruption and Digital Acceleration	Changing Ways of Working	Priorities for 2022	Talent and Purpose

Not Exhaustive

Why are we talking about Third Party Spend?

Creating opportunities and need for advanced procurement capability

Key Challenges – varies by industry

Challenges from all sides ...

... Require new types of collaboration across the enterprise



Macroeconomic disruptions

Fragile supply chains exacerbated by geopolitical tensions and war, Covid resurgence. Commodity inflation. Long-term natural resource challenges.



Resiliency – alternative supply sources, tension between cost and risk.
Inflation – supply shortages & rising input prices
Technology – emerging technologies, big data, robotics



Evolving consumers –

More purpose-driven, desire for sustainable goods & services. Changing channel dynamics.



Citizenship redefined - Heightened focus on extended corporate footprint (ESG impact)
NASCAR meets F1 – emphasis on being nimble and quick vs. steady and consistent
Consumer Focus – all parts of organization challenged to create consumer benefit



Changing Balance of Power

Supply consolidation leading to increased supplier power and oligopolistic market structure across the value chain.



Atypical alliances – innovative models driven by collaboration outside the organization
Multi-tiered supply base – mega-supplier management and differentiated SRM strategy, value chain vs. supplier optimization



Complex Operating Models

Matrixed accountability for managing third party spend and suppliers. Mixed cross-BU collaboration slowing down innovation



Culture of connectivity – digital acceleration enables “quantum” organizational solutions rather than being a set of tools and systems.

THE BIGGEST OPPORTUNITY

Third party spend is the biggest cost element as percentage of revenue for most companies.

Optimizing this spend is a **significant source for competitive advantage** – what we call **3rd Party Economics (3PE)**



(avg.)

**Cross industry averages –
Manuf. goods**

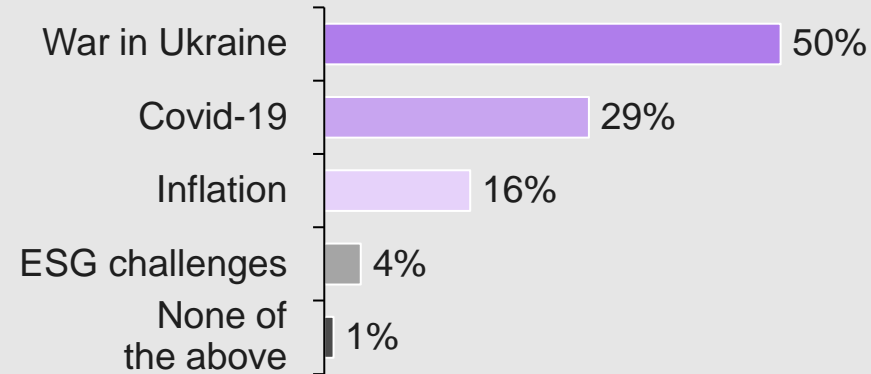
55%

Service industries

30%

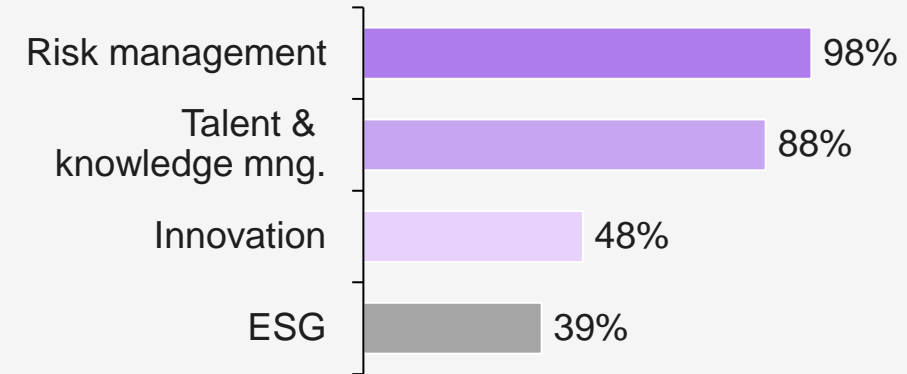
Regional procurement organizations are focused on managing risk and attracting talent

Currently most important impact on procurement



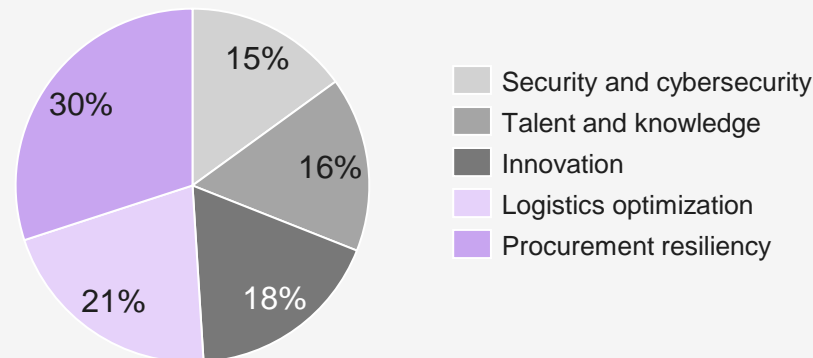
“I believe that compared to procurement costs, the following factors are more important”

% of companies agreeing with the statement



- Sample of 100 companies in the 2022 survey
- €10bn; total Revenues of companies in the sample
- €2.9bn; total Annual External Spend of companies in sample
- Manufacturing; most commonly represented industry in the sample (80%)

Average investment structure of sampled companies



A quick word on our AEP benchmarking study.

Global survey on capabilities + performance

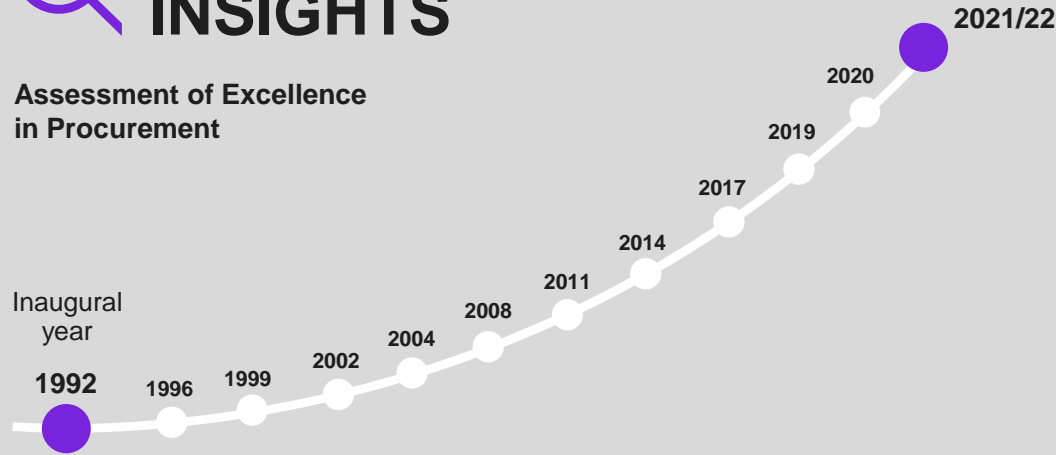
Based on Stages of Excellence

Calibration and select validation for benchmarking set

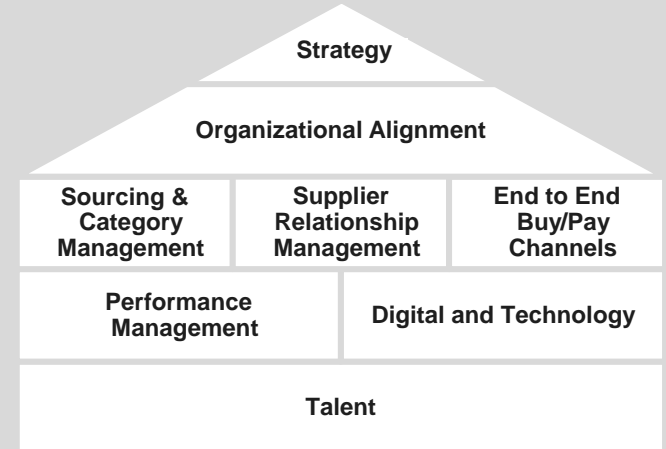
Augmented with global CXO survey to get “voice of the stakeholder” input

DEPTH of INSIGHTS

Assessment of Excellence in Procurement



House of Purchasing and SupplySM



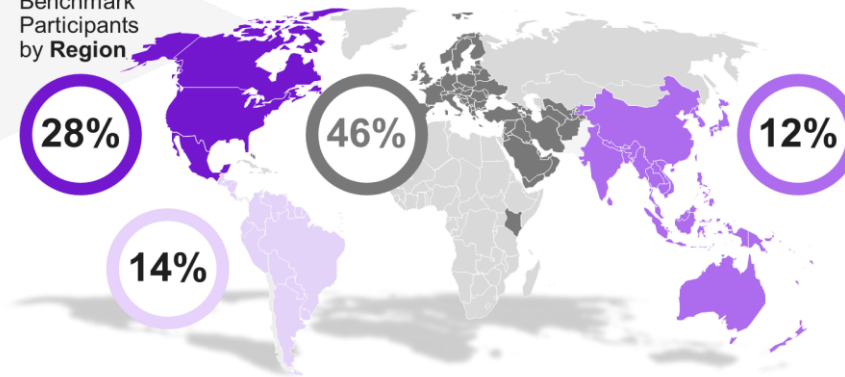
SCOPE of the RESEARCH

2022 study comprises over 600 companies to-date, across geographies/industries

Enriched by countless engagement, and Kearney CPO Roundtables, and additional studies

Source: Kearney

Benchmark Participants by Region



KEARNEY
Voice of Stakeholder Survey
View on Procurement

KEARNEY
Global Pandemic Study
Supply Risk Management

KEARNEY
Procurement Exchanges

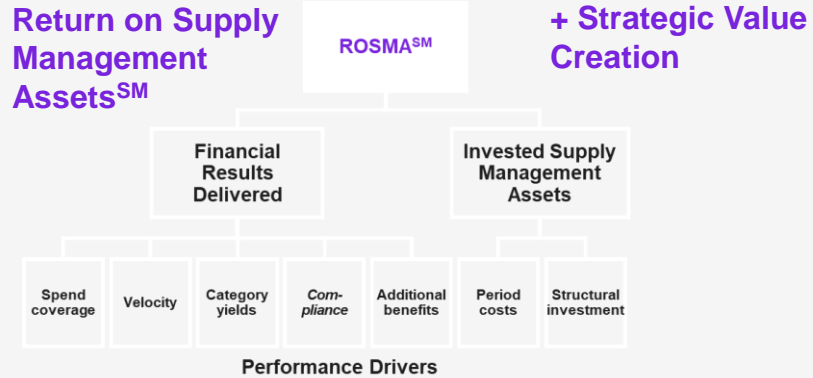
KEARNEY
Supply Chain Resilience
Stress TestSM

Benchmark Participants by Industry Group



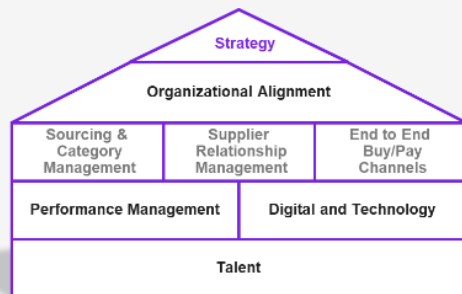
How do we identify Procurement Leaders in our research?

Assessment of Impact



Assessment of Capabilities

House of Purchasing and SupplySM



Leaders Characteristics

Leaders outperform others in impact + capabilities to sustain their advantage:

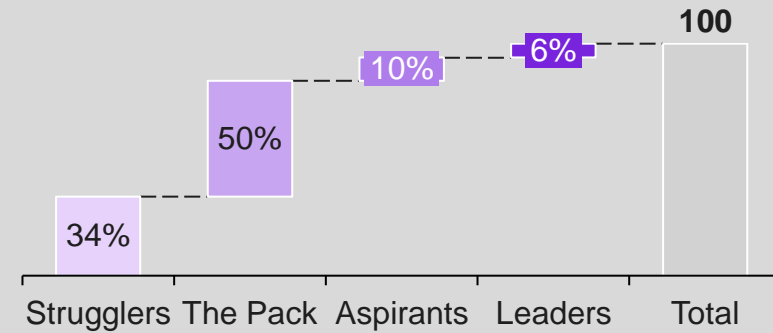
– Impact Created:

Financial investment + **breadth** and **depth** of the impact generated in cost and strategic value

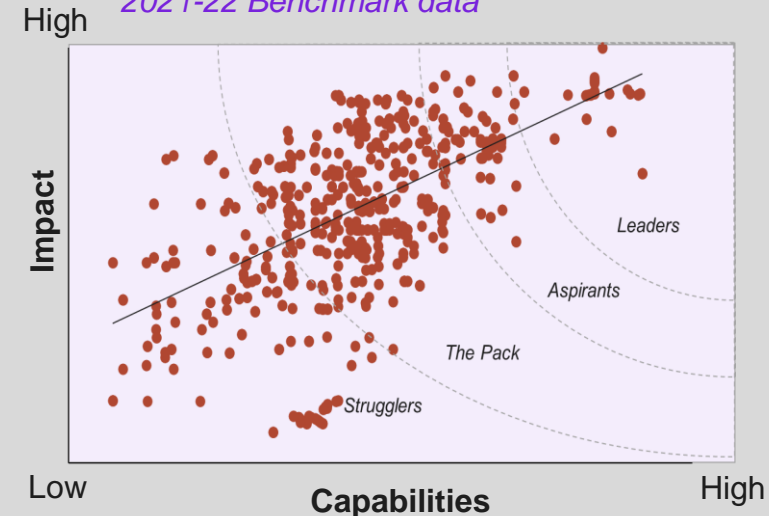
– Capabilities:

Excellence across the three pillars of excellence – **team**, **category** and **supplier management**

Third Party Economics Continuum¹



Impact and Capabilities Matrix 2021-22 Benchmark data



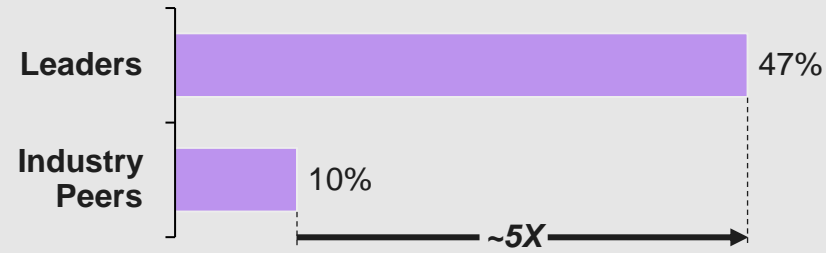
1. Third party spend is the biggest cost element as percentage of revenue for most companies. Optimizing this spend is a significant source for competitive advantage – what we call 3rd Party Economics (3PE)

Leadership in third-party spend translates to measurable advantage

Our research shows that **Leaders** are 6% of the data set of 600 companies across regions and industries.

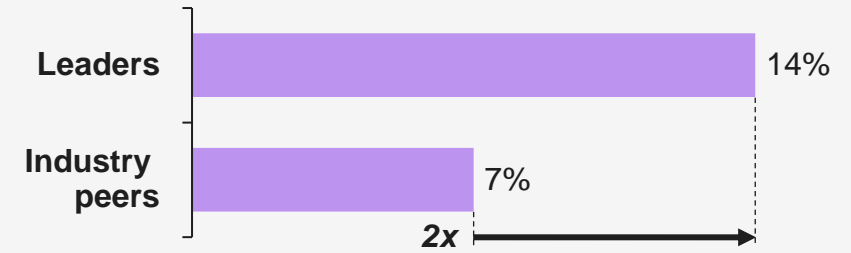
Though results differ by industry, leaders outperform others in performance and excel in their capabilities to team, manage categories and suppliers.

Leaders generated almost **5x higher Total Shareholder Return** than their industry peers, in the time period leading up to Covid



Total shareholder return (TSR), 2018-2020

During the pandemic, Leaders rebounded **2x stronger** than industry peers



Average revenue growth rates from Q2 2020 to Q4 2020 for Leaders compared to their industry peers

Compared to peers, Leaders maintained an advantage of **200 basis points to EBITDA from their 3rd Party Spend** during COVID



Procurement benefits/EBITDA, 2020-2022 Q1

Source: Kearney

100% of these Leaders are recognized with more than one award in **innovation, sustainability and diversity**



While cost remains a priority, the pandemic accelerated a shift towards strategic value creation.

From managing cost and securing inputs to helping drive the ESG and topline agenda.



Cost continues to remain a priority – but strong headwinds have shifted focus beyond cost – towards innovation and resilience



Leaders focus significantly more on **Innovation** as a means to leverage inflation and enhance revenue

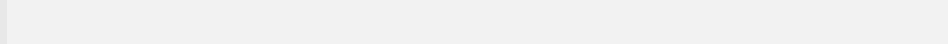
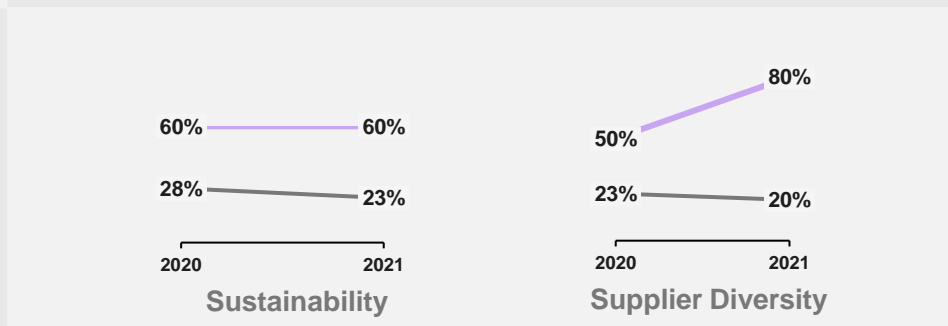
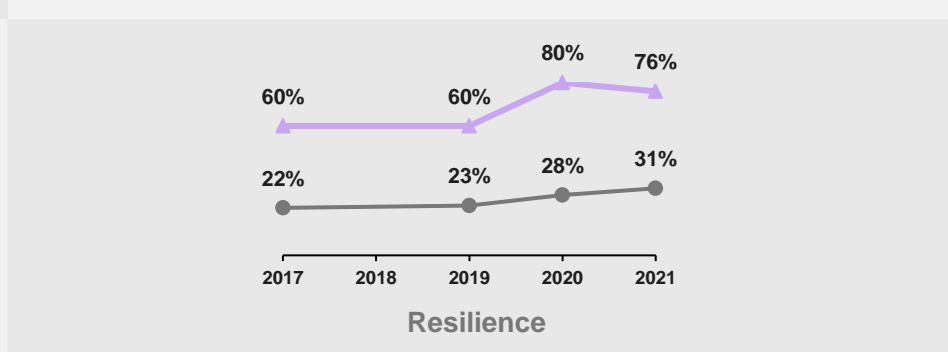
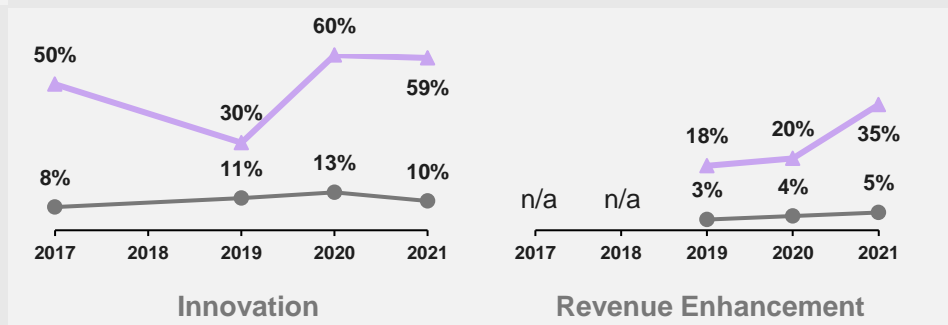
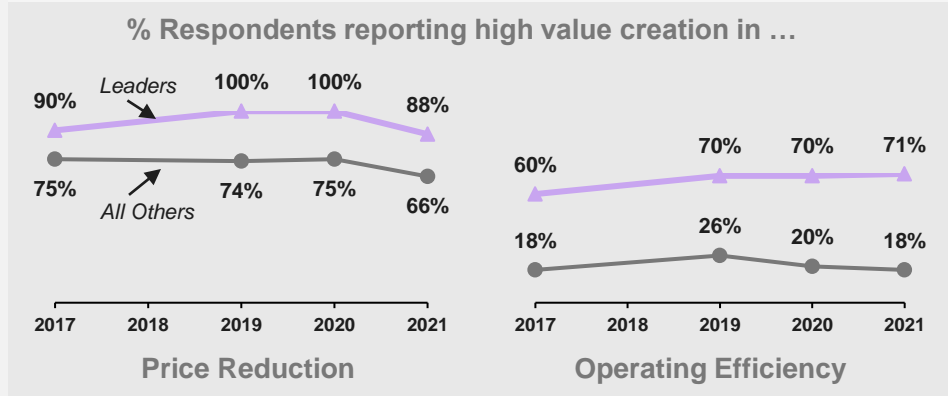


Supply chain **resilience** continues to be a focus point



ESG priorities remain consistent with an uptick in **supplier diversity** for leaders

▲ Leaders ● All Others



“We’re learning we have single points of failure 3-4 levels down and must go deeper to understand risk better.”

– CPO of a global tech company

“ESG is a board-level topic, and we need to excel in this space to attract the talent we need and the customers we want.”

– CFO of a major food & beverage company

Source: Kearney Annual Excellence in Procurement (AEP) 2017 – 2022
 1) Data not represented in years where category was not surveyed.

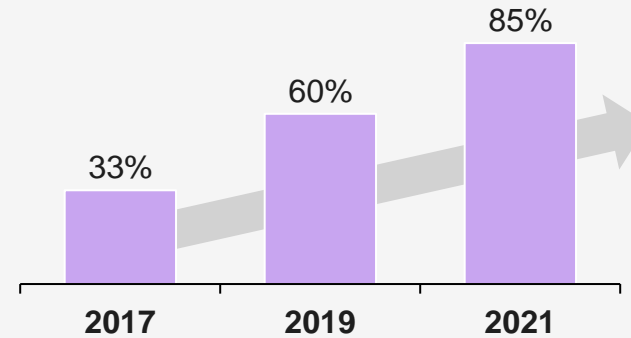
Procurement was asked to be a fire fighter over past 2 years during COVID—and delivered.

But more work is required to (re)elevate its brand and show what great looks like.

CXO Survey in Q4 2021

In the eyes of CFO's, Procurement has made strides in the right direction

% CFO's confident in procurement's reported benefits



Consistent improvement in procurement performance understanding amongst CFO stakeholders

But does the C-suite know what good looks like?

Starting with the good news ...

92% CFOs feel Procurement has met or exceeded their expectations for hard cost reductions

80% CXOs report that Procurement has met or exceeded in delivering strategic value (innovation, risk, ESG) to the business

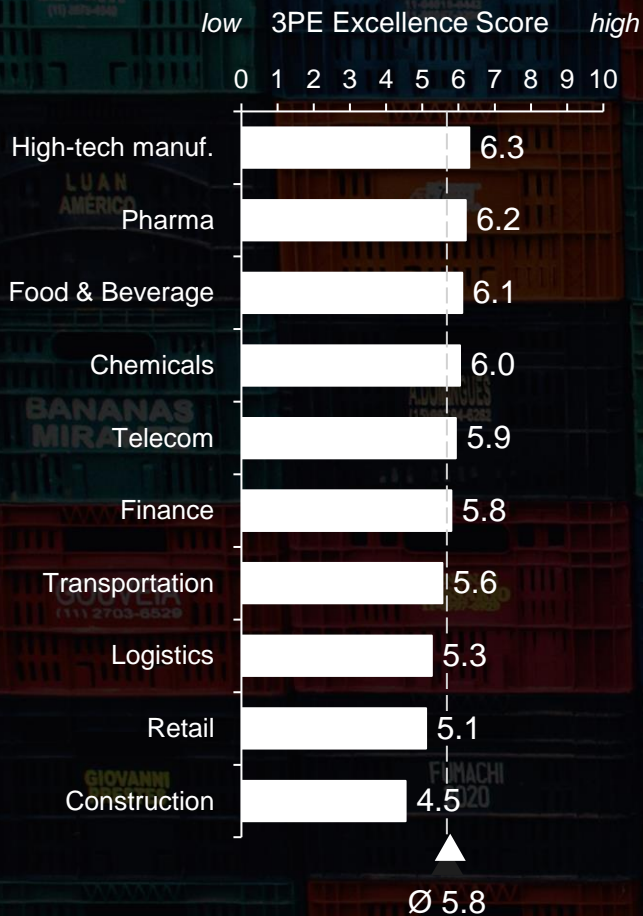
And the not so good news ...

But only **31%** of CFO's and CXO's

reported that procurement plays a **critical role** and **proactively drives the agenda** when it comes to competitive advantage and strategic value

Findings from our 2021/22 Study compared to previous years

3PE maturity across industries



1. 3PE Excellence Score is the capabilities score based on the responses given in AEP questionnaire

What we expected to see in our 2022 study ...



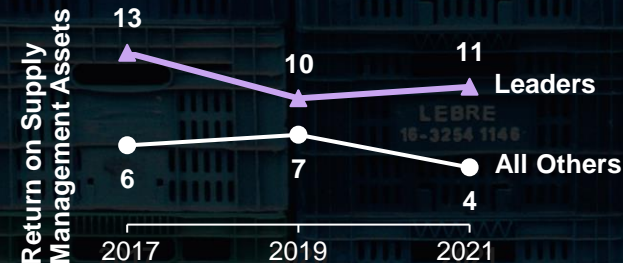
Intense cross-functional collaboration. Procurement was asked to be a fire fighter, and delivered. But at what cost?



Mental resilience – culture & morale suffered for 80% of respondents; revolving door with 1 in 3 struggling to retain talent

>10x

Despite pandemic, Leaders continue to perform through next-gen capabilities – though performance dipped and we see a shift towards strategic value (resilience, innovation)



Source: Kearney Annual Excellence in Procurement (AEP) 2017 – 2022

What surprised us ...



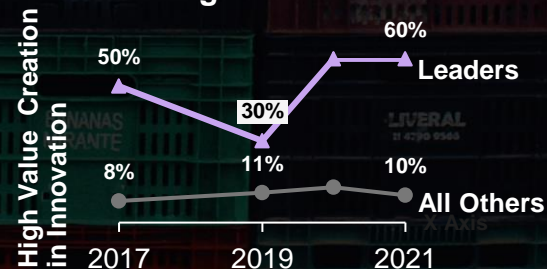
Acceleration of digital: Shift from large-scale, costly ERP & procurement roll-out to **Partnerships with early-stage start-ups**



Greater emphasis on purpose: Leaders create **2-5x more in strategic value** on their third party spend – sustainability, diversity, innovation, risk



While cost remains a priority, leaders focus significantly more on innovation through SRM to leverage inflation



Top Priorities for 2022

Transport Optimization



Resilience and cybersecurity



Innovation and New Product Development



Acceleration of Digital and Future-Fit Talent Strategy



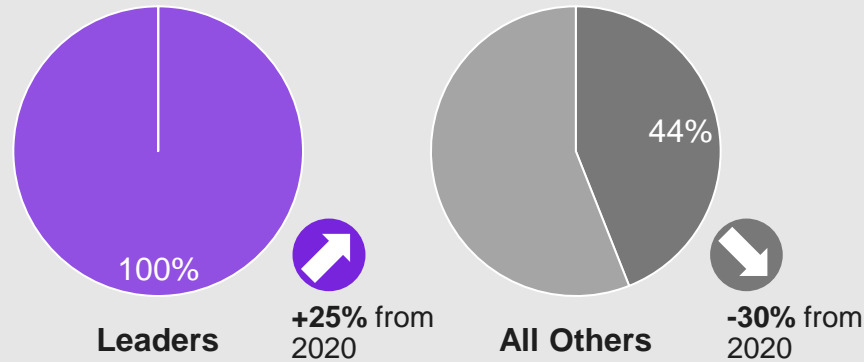
ESG and Corporate Citizenship



Spotlight – ESG:

Procurement leaders are at the core of their companies' sustainability commitments

Procurement leaders continue to focus on corporate sustainability goals ... (% indicating medium-high impact)



... And have metrics in place to measure the impact

	Leaders	All Others
Scope 3 emissions footprint ¹	83%	34%
Other environmental impact ²	83%	49%
Supplier Labor rights, health and safety and other socio-economic impact	83%	64%

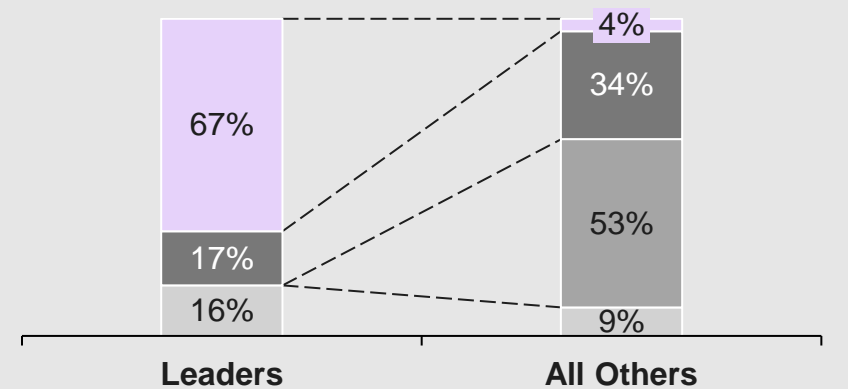
“ Procurement isn't about the price that you pay for something anymore. It should be about the value that you created, and sustainability should be at the heart of it because you won't have a business left if you don't do so.

Food & Beverage CPO



1. The United States Environmental Protection Agency defines Scope 3 emissions as emissions that are the result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly impacts in its value chain.
2. For example, water usage, waste management, energy consumption, sustainable packaging

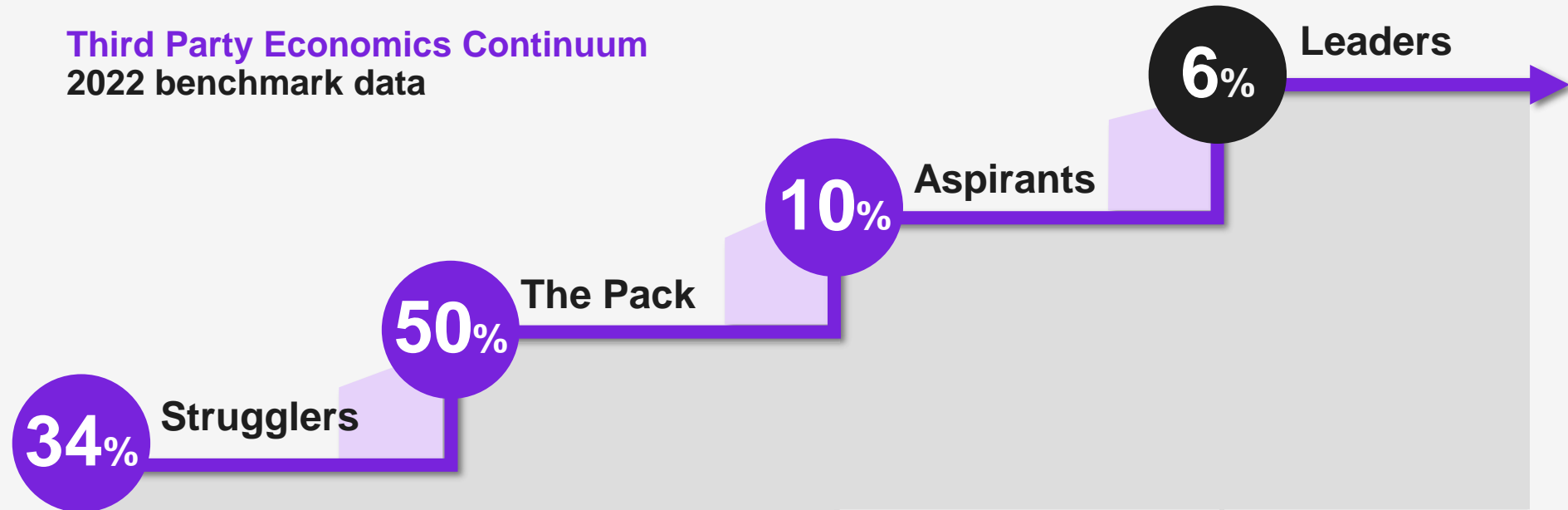
Leaders are further along in their commitments



- Stage 4 - Committed to sustainability goals beyond enterprise
- Stage 3 - Targets cascade to category level
- Stage 2 - Committed but no targets/ strategy
- Stage 1 - not a consideration for procurement

Third Party Economics Continuum

Third Party Economics Continuum 2022 benchmark data



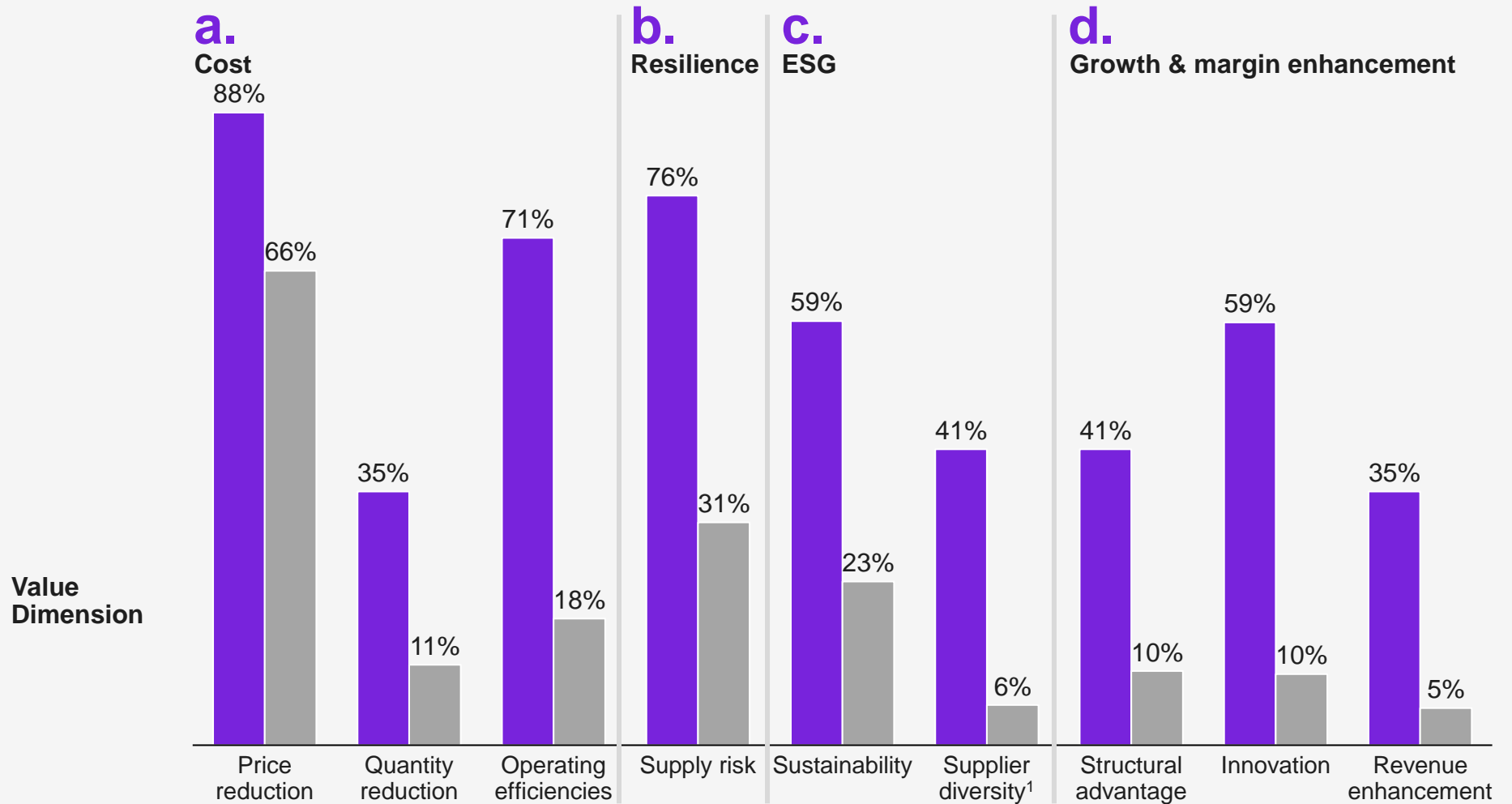
1. Impact	Narrow impact. Barely covering their costs or fail to do so in a sustainable manner	Adding value but insufficient breadth and depth of impact	Solid results and making significant strides towards becoming leaders	Strong impact – financial and value beyond cost	
	2. Capabilities	Primarily transactional focus. Seen as back-office function; immature capabilities, processes and technology	Not transforming fast enough. Need to build out capabilities and demonstrate full value to the business to earn a seat at the table	Has a seat at the table; need to get ready for future challenges and further develop the function as a strategic business partner to all stakeholders	Has distinctive capabilities in team, category and supplier excellence; provides competitive advantage to business
		<i>Procurement has substantial unlocked potential – but requires to transform the function and elevate the profile</i>	<i>Procurement has not yet reached its full potential – need to accelerate pace</i>	<i>Procurement has a seat at the table, but can go further to elevate role and impact</i>	<i>A proven differentiator – but needs to keep up with changing landscape to maintain competitive advantage</i>

Source: Kearney

1. Impact:

Leaders generate high impact across a broader spectrum – from managing cost and securing inputs to helping drive the ESG and topline agendas

Third Party Economics – Value Generated (% responses indicating ‘High Impact’)



Leaders Others

1. Based on global responses. For North America only, the responses are 75% of Leaders versus 0% of All Others
 2. Your response to the question "how much value have you generated across each of the value dimensions"

Deep Dive: Inflation

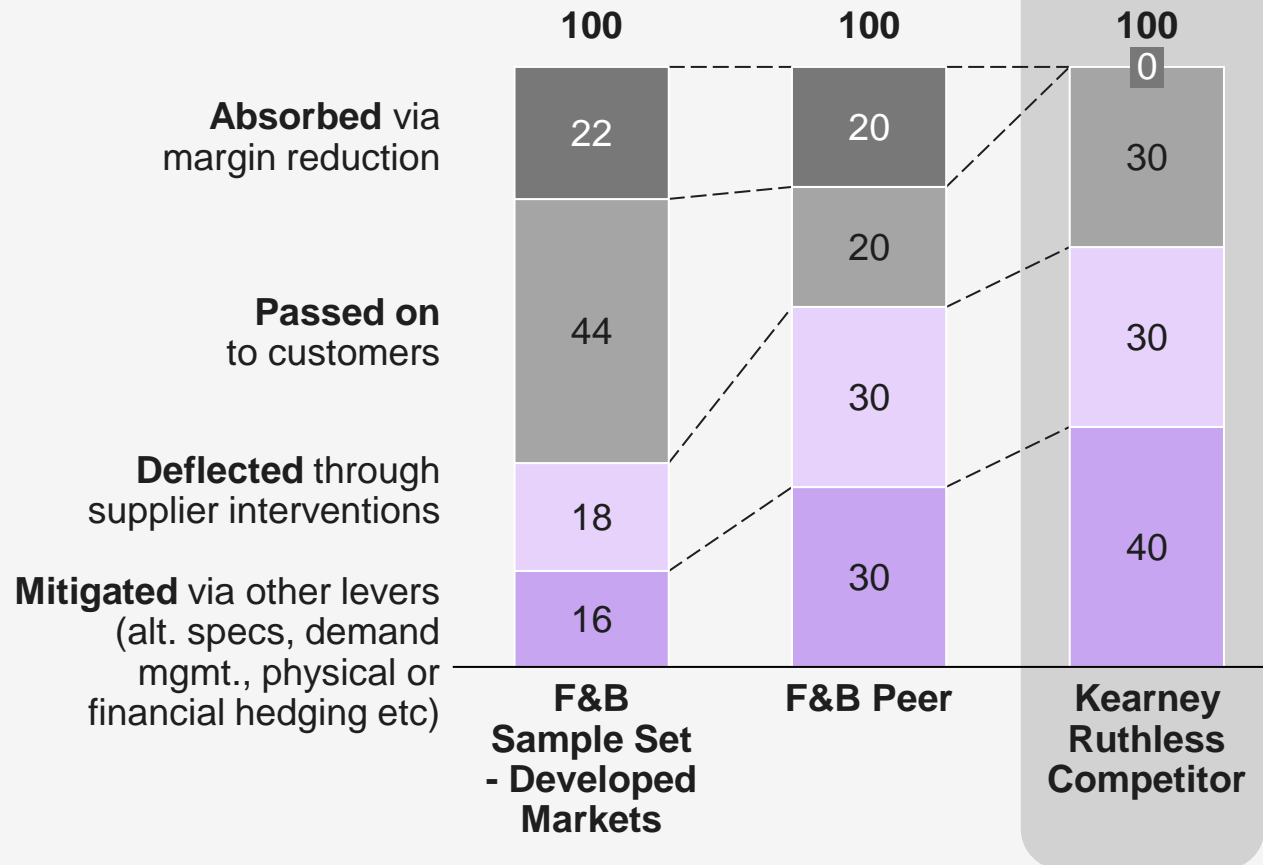
There are multiple ways to address inflation-driven cost increases ...

Food & Beverage Example

AEP Survey – Inflation Impact Responses (%)

Based on 2021 Year End Responses – Food & Beverage Respondents

% of cost increases due to inflation that have been ...



Environment is very dynamic right now, with consumer price inflation hitting new 40-year high.

Based on our sample set in the AEP for Food & Beverage companies in developed markets:

- Food & Bev. companies absorbed on average ~22% inflation cost increases
- Ruthless competitor aspiration: avoid margin reduction thorough competitive cost pass-on (balanced with brand & growth strategy) and full use of mitigating and deflecting levers

The “7 golden rules” for tackling inflation

How do you rate your organization’s effectiveness in pulling these levers?

 <p>Fight</p>	1	<u>Aggressive Sourcing Everywhere</u>		<p>Fully leverage competitive tensions – cost unbundling, comprehensive market event, challenger play, summits, game-theory based negotiations</p> <p>Offset res. inflation by pulling Demand levers elsewhere</p>
	2	<u>Bolster Supply Availability</u>		<p>Build long list of alternative supply sources. Make bold commitments in return for supply security. Explore vertical integration opportunities</p>
 <p>Manage</p>	3	<u>Customer / Shipper of Choice</u>		<p>Mega supplier, Preferred partner program supporting SRM Agenda – executive partnership and collaboration agenda, investment vehicle; improved planning and forecasting sharing, resource sharing, EOQ/DOH assessments...</p>
	4	<u>Manage Commodity Price Risk</u>		<p>Anticipate raw material movements and put in place data transparency, robust sourcing guidelines</p> <p>Hedge directly or indirectly</p>
	5	<u>Optimize Supply Chain</u>		<p>Improve supply chain cost structure – e.g., through better planning/demand forecasting, optimizing ports of entrance, network design, IB/OB optimization</p>
 <p>Leverage</p>	6	<u>Product Spec and Portfolio Optimization</u>		<p>Leverage Design-to-Cost analyses – alternative RM, platforming, rationalizing specs</p> <p>Leverage Design-to-Value and portfolio optimization to explore feature premiumization, new product innovation</p>
	7	<u>Price Dynamically & Fairly</u>		<p>Adjust prices strategically, maintaining customer and retailer trust while understanding true elasticity</p>

2. Capabilities

– Team, Category and Supplier excellence are the pillars for sustained performance



a. Team Excellence

Catalyst for business alignment, supporting procurement efficiency and effectiveness and improving the buying experience



b. Category Excellence

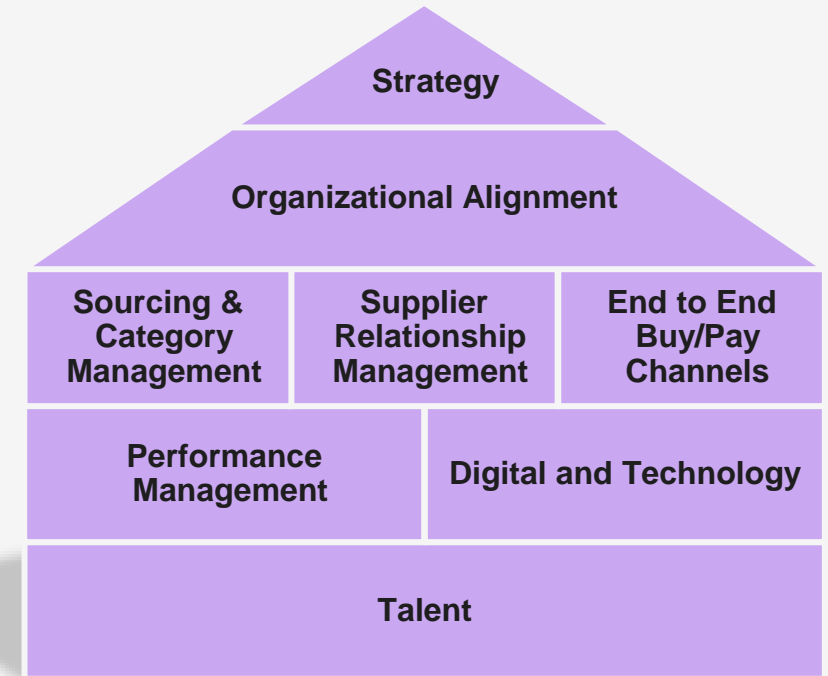
The most powerful lever to drive value (cost reduction and value beyond cost). Identifies key business insights to address enterprise- wide goals.



c. Supplier Excellence

Critical to sustaining procurement value over time. Leaders are recognizing its competitive advantage to manage supply risks and drive strategic value – innovation, growth, ESG contribution

Kearney's House of Purchasing and SupplySM



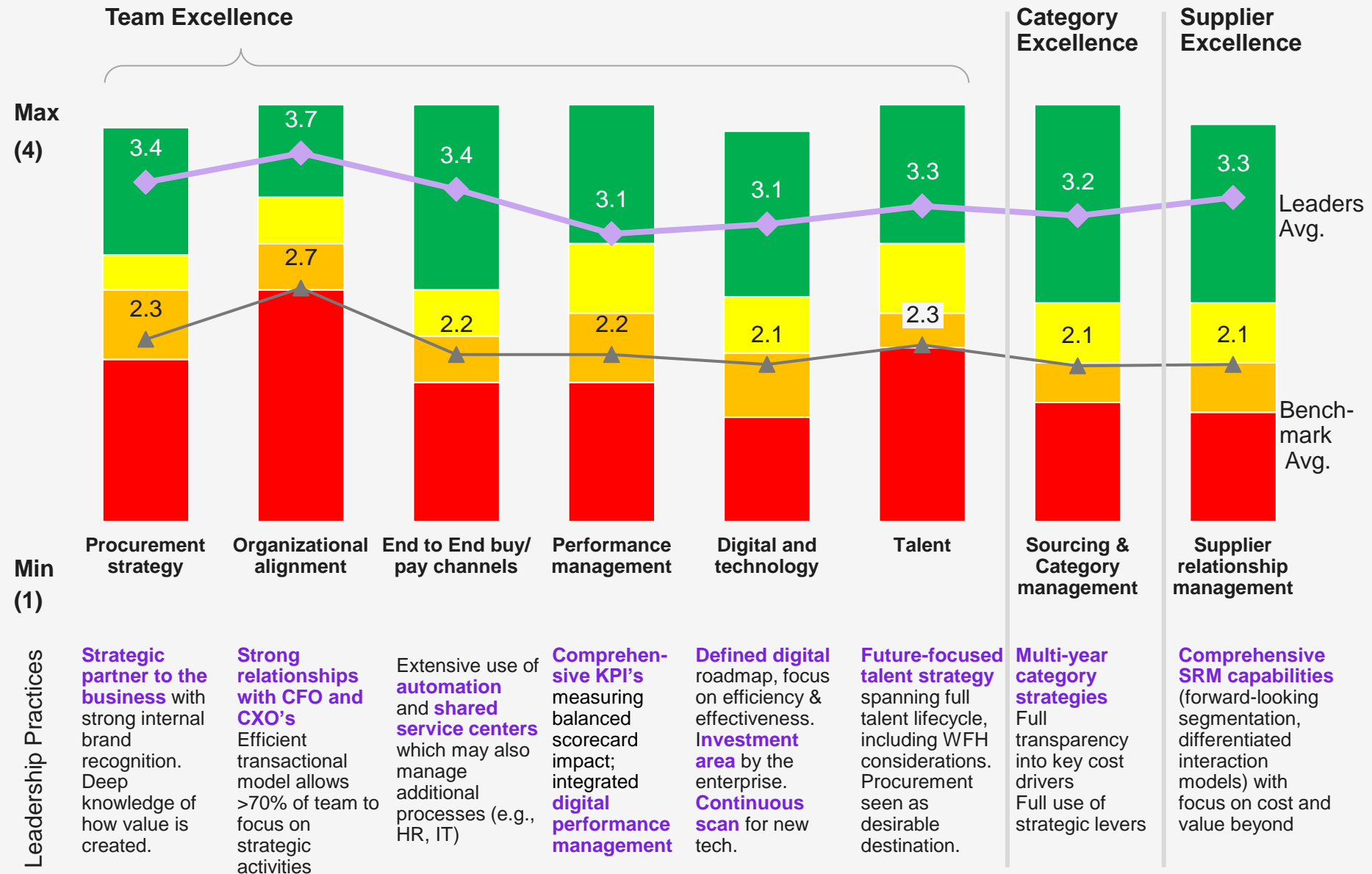
Leaders have strong capabilities across team, category and supplier excellence pillars

◆ Leader average
▲ All Others average

Quartile Ranking

- 1st Quartile
- 2nd Quartile
- 3rd Quartile
- 4th Quartile

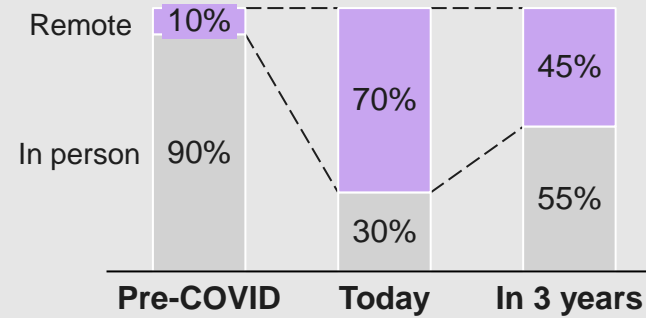
AEP Scores – Benchmarking Set






Teaming and Ways of Working are changing

A hybrid workplace

Average time % for strategic procurement team
(All respondents)



Engagement and Retention

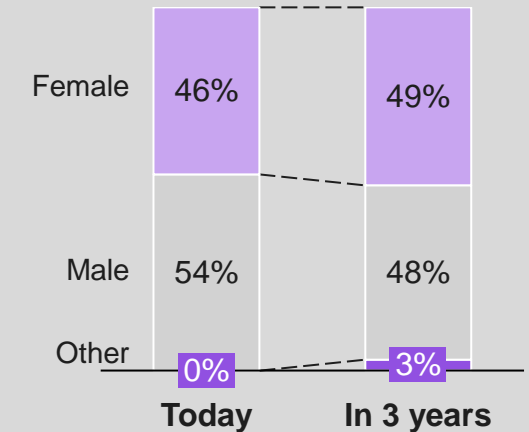
	Respondents
 Interactions with stakeholders are same level or better than pre-COVID	90%
 Interactions with suppliers are same level or better	80%
 Talent attraction is better than pre-COVID	80%
 Mental health is worse than pre-COVID	80%

Diversity, Equity and Inclusion in team

<30% respondents have quantitative or qualitative metrics to track diversity in their procurement team

Gender balance in procurement team

Gender identities
(All respondents)



Tomorrow's success will take vastly different procurement skills than we've previously had

Procurement skills layout

Core	Business	Procurement				Digital
Governance and Policy Compliance		Category Management Process	Supplier Relationship Management	Strategic Sourcing Process	Budget Control	Cost Regression Analysis
Leadership Skills Development	Project Management & Planning	Supplier and Industry Analysis	Supplier Development	Sourcing Strategies/Strategic Moves	Specification Design & Management	Cost Modelling
Talent Management & Development	Customer Relationship Management	Creating Categ. Management Plan	Supplier Risk Management	eSourcing / Procurement Technologies	Quality Management	Data Insights
	Change Management	Commercial Agreement	Strategic Alliances	Negotiations Management	Total Life-cycle Management	Design Thinking
	Conflict Resolution	Strategy and Commodity Risk		Mega-supplier Strategies		Process Engineering
	Innovation Management	Corporate Responsibility		Collaborative Optimization		Agile Methodologies

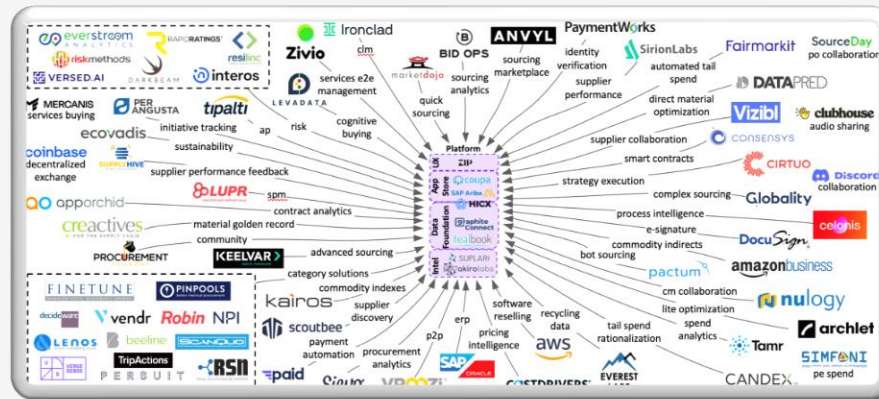
- Yesterday's skills
- Today's skills
- Tomorrow's skills

Skills that are digital enablers

Creativity	Intellectual curiosity	Love of data	Executive presence	Long form writing	Problem lifecycle management
Business athlete	Emotional intelligence	Short form writing	Art of storytelling	Ability to related to multiple audiences	

Digital has finally arrived for procurement

Kearney's vision for the future of procurement



Key digital trends for the future of procurement

The sourcing exchange
Cross-industry platform for sourcing goods & services, hedging, and market making

Smart contracts
This will revolutionize the Req-to-Pay process by making the contract the organizing construct (for terms, performance, and payment)

An explosion of new Apps
Expect a 10X increase in new solutions that address greenfield procurement opportunities

Automation and self-service
Using automation to process signals, apply strategy, and act so that humans can do the forward-looking scenario planning

Online Community
Collaboration outside the 4-walls (even with competitors) to leverage the power of network for the greater good

Non-Exhaustive



An ecosystem of connected microservices (API) offering rapid time-to-value

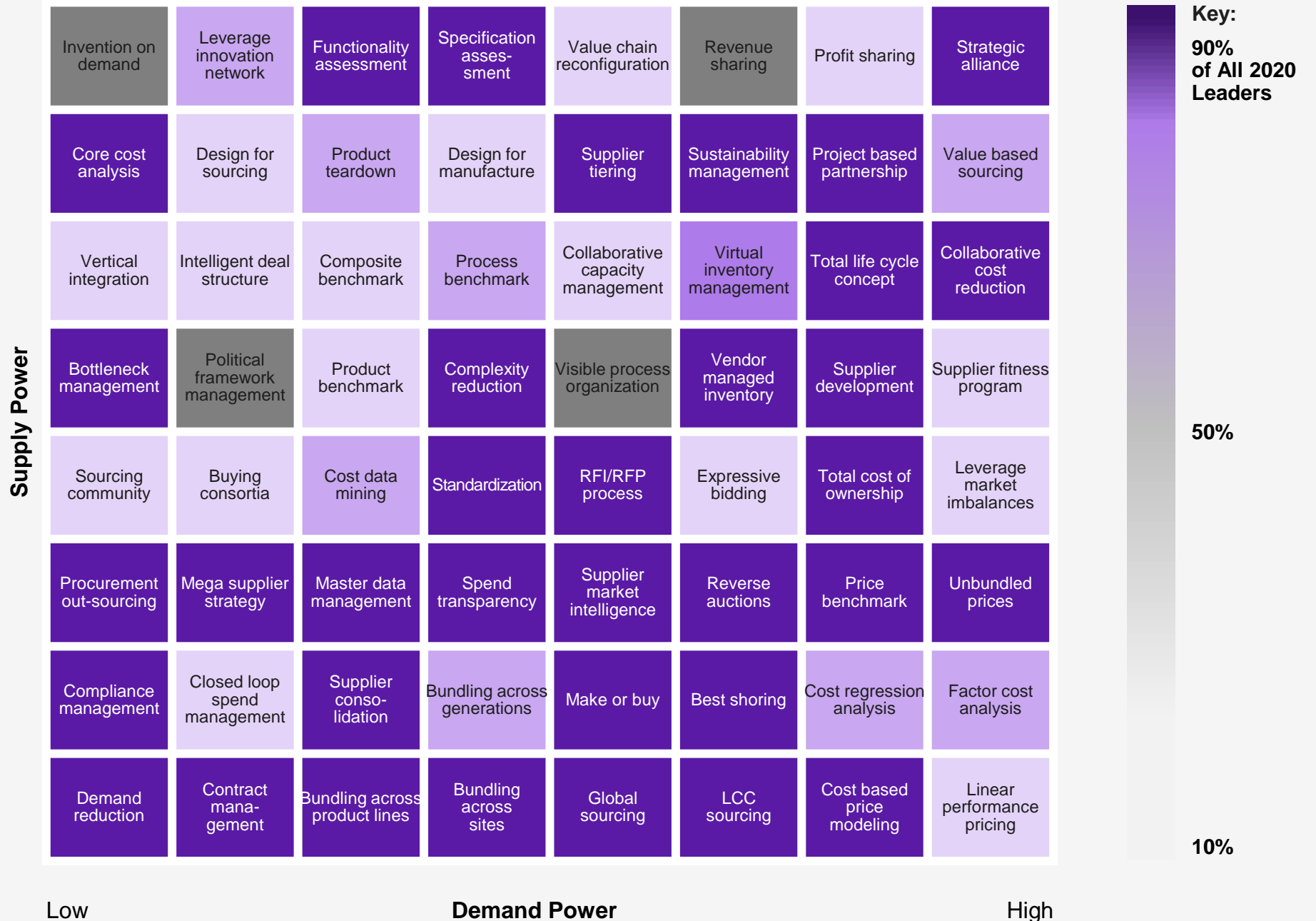


Scouting and the procurement garage are keys to success

Leaders use Strategic Levers to a full extend

The Purchasing Chessboard®

(% companies selecting lever with medium or high impact)



There is a lot of untapped potential in smarter tactical sourcing to create value, mitigate HR challenges, etc.

Benefits and drawbacks of IT sourcing approaches

Scenario I

“We know exactly what we want and want your best offer”

Small-scale commodity sourcing
 Solution parameters are fully known and described
 Required scope and specifications are fully known

Approach

Traditional RfP sourcing

- ☺ Efficient, large supplier pool
 Straightforward, fast sourcing process once RfP is defined
 High level of expertise with required solution on buyer side
- ☹ Scope, requirements, solution design need to be clearly laid out
 Rigid process, little market feedback
 Unspecific, limited selection criteria (e.g., price)

Scenario II

“We understand our problem but want market input to design a solution”

Mid-scale commodity innovation
 Solution parameters are roughly known and understood
 Solution components are rather standardized and commoditized
 Set of preferred suppliers is limited

Approach

Co-development

- ☺ Jointly designed solution tailored to buyer requirements, integrating market best practices
 Optimized pricing
 Pragmatic and efficient process
 Business impact driven
- ☹ Set of suppliers needs to be limited for feasibility purposes
 Solution components need to be rather standardized

Scenario III

“We have a vision and want a partner to design a solution with”

Large-scale innovation
 Solution is not decided, parameters unclear
 Suppliers show commitment and innovation power
 Set of preferred suppliers is limited

Approach

Co-design approaches

- ☺ Fit-for-purpose solution, matching buyer requirements with supplier strengths
 Ambition level driven by innovation power and the “art of possible”
 Business impact driven
- ☹ Long and costly process, impeding suppliers to participate
 Sourcing share needs to be considerably large

Example for IT sourcing

The need to rethink IT sourcing

Note: Other approaches such as collaborative optimization not shown as predominantly used for financial gearing.
 Source: Kearney

2025 Vision

What does the future of procurement look like?

Truly Aspirational

1 Supplier innovation & organizational “glue” to drive new business models
e.g., channeling supplier-driven innovation to augment internal R&D capabilities; innovation contracts

2 Joint P&L ownership – drive top line growth and margin improvement
e.g., design-to-value and product feature analysis to drive margin expansion and new product development opportunities

3 Platform for environmental, social and corporate citizenship – empowering change
e.g., balanced scorecard approach to influence and drive change across multi-tiered supply chain

4 The Invisible Hand – procurement value without the procurement touch
e.g., intelligent procurement apps, AI-enabled category management; UX and SX improvement

5 The Age of Hyper Efficiency – drive today’s value with 30% of the resources
e.g., automation of transactional procurement activities, tail-end management, heavy analytics

Table Stakes

Interested in benchmarking your organization?

How to participate in the AEP

The **Assessment of Excellence in Procurement (AEP)** is the most globally recognized approach for companies to benchmark and improve their procurement capabilities.

By investing 90 minutes of your time, you will receive the following tailored insights:

- A customized benchmark report showing how your organization's capabilities compare with other companies in your industry, region, and around the world
- An assessment of your return on investment in procurement, which communicates the financial value delivered by your procurement organization in a CFO-friendly manner
- For companies who participated previously in the AEP, a comparison of progress against prior performance

There is no charge for participating in the AEP study for companies with >\$2bn revenues. Your individual responses and results will be confidential.

Let us know if you are interested in participating – reach out to Sonali.agarwal@kearney.com .

KEARNEY
AEP 2021/22

Assessment of Excellence in Procurement

Examples of participant benchmarks included in the AEP Feedback Report

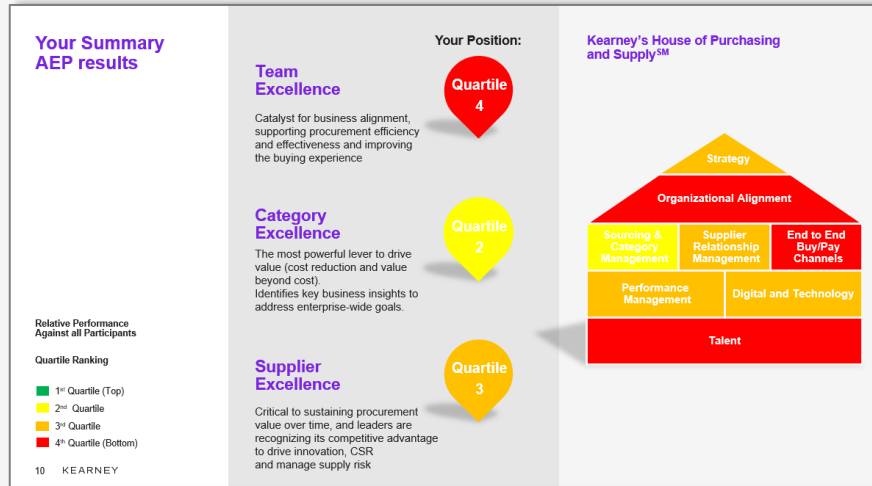


Figure 1: Assessment of capabilities and practices across each dimension of the House of Purchasing and Supply

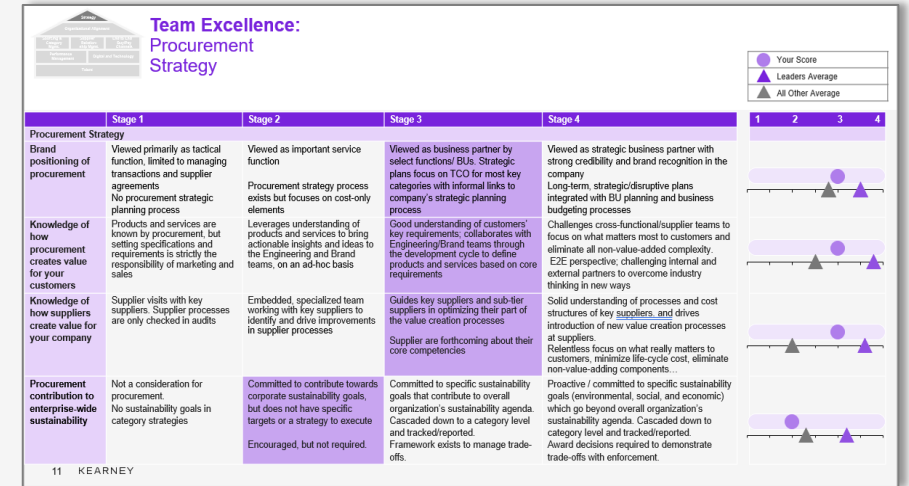


Figure 2: Comparison against leading practices – e.g., Procurement Strategy

Sample Feedback Report Pages

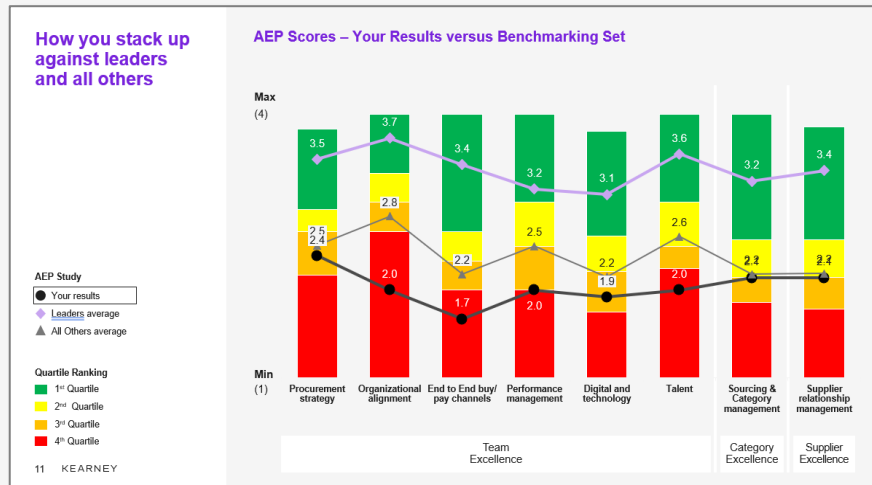


Figure 3: Comparison against procurement leaders and average

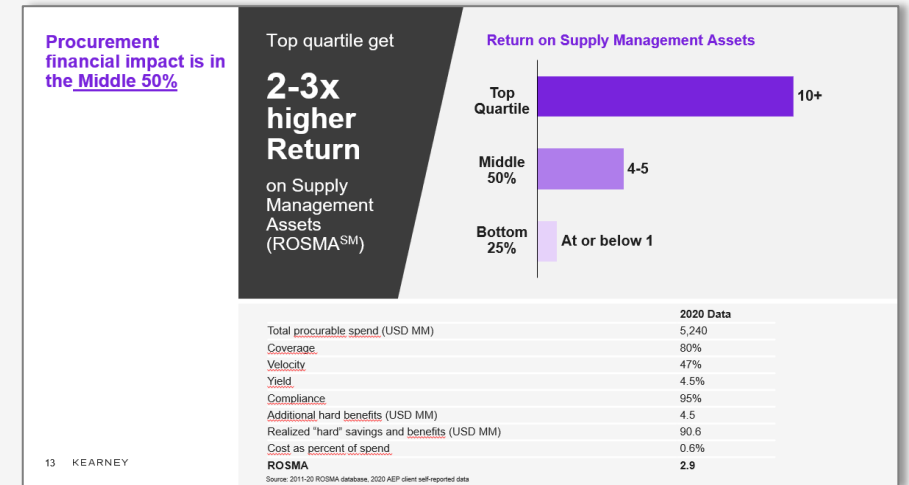
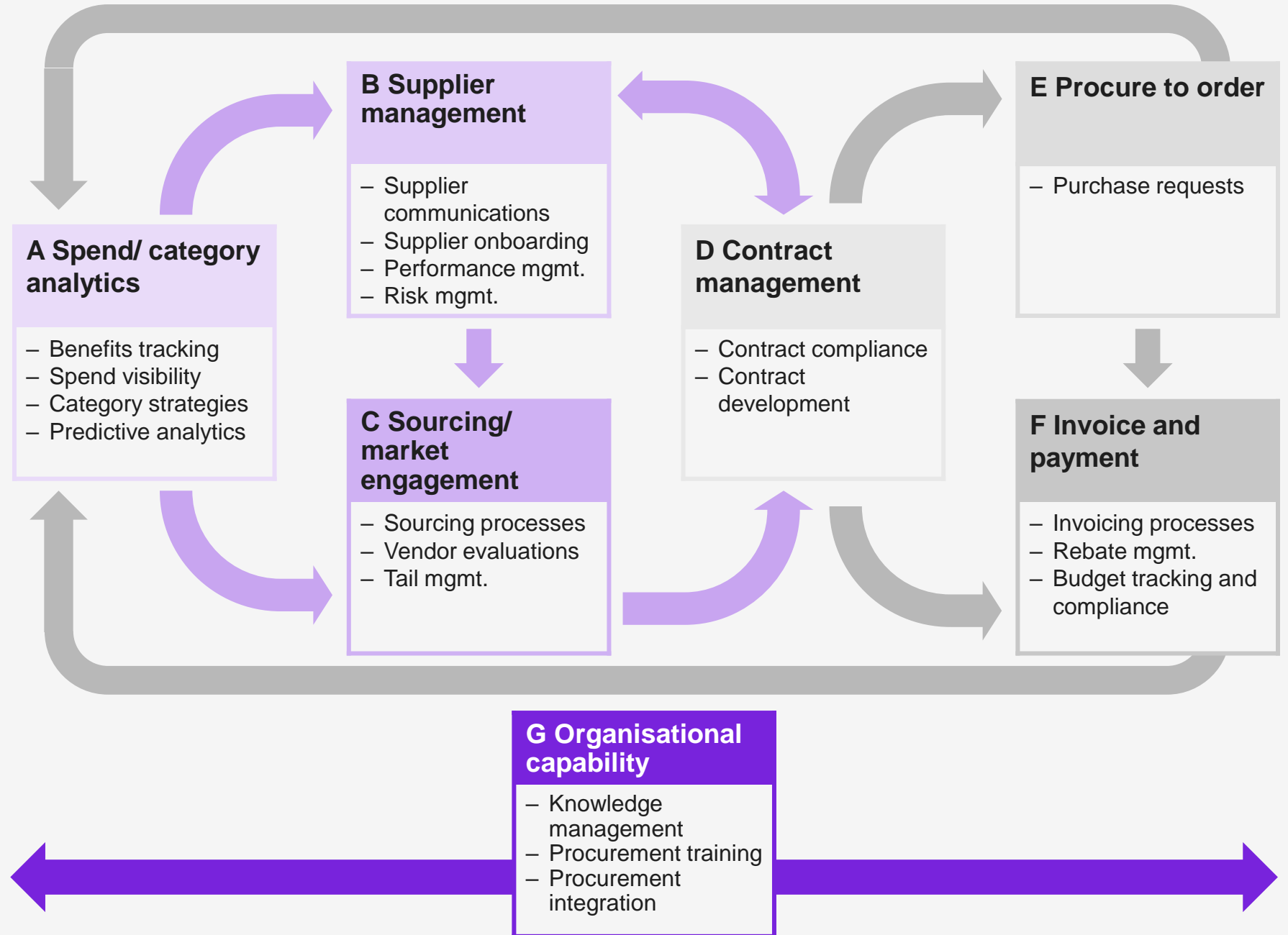


Figure 4: Calculation of Return of Supply Management Assets (ROSMASM)

**What are your
challenges in
procurement and how
you address them?**

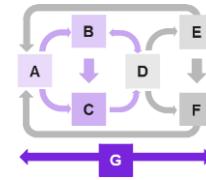
The modern day procurement value chain is complex and interconnected



Legend:

- Strategic procurement
- Transactional procurement
- Organisational capability

What issues your procurement functions face?



A Spend/ category analytics	B Supplier management	C Sourcing/ market engagement	D Contract management	E Procure to order	F Invoice and payment
<p>Low savings credibility</p> <ul style="list-style-type: none"> – Inadequate tools to track savings mean CFOs often disbelieve reported savings – Missing savings targets <p>Poor spend visibility</p> <ul style="list-style-type: none"> – No single source of truth due to uncategorized spend and inaccurate taxonomy <p>Weak category strategies</p> <ul style="list-style-type: none"> – Limited category insights – Generic levers and approach (basic RFP) – Insufficient intelligence to challenge / negotiate vendor pricing 	<p>Unstandardized comms.</p> <ul style="list-style-type: none"> – Unrecorded supplier communications – No clarity on follow up on actions / issues <p>Unclear perf. / risks</p> <ul style="list-style-type: none"> – Lack single vendor portal highlighting supplier perf., risks and capacity <p>Poor quality feedback</p> <ul style="list-style-type: none"> – Manual processes to receive / manage /track vendor feedback <p>Staff overwhelmed by transactional activities</p> <ul style="list-style-type: none"> – Limited capacity for strategic activities 	<p>Variable tender quality</p> <ul style="list-style-type: none"> – Procurement systems track document flows only; quality of tender docs is user dependent <p>Lack robust evaluation</p> <ul style="list-style-type: none"> – Vendor comparisons are high-level; lack efficient means to challenge vendors at line item level <p>Neglected / over-serviced tail spend</p> <ul style="list-style-type: none"> – Lack tools to effectively source tail spend with minimal resource effort 	<p>Poor contract compliance</p> <ul style="list-style-type: none"> – Contract compliance not tracked – Revisions not updated in relevant systems <p>Manual contract development processes</p> <ul style="list-style-type: none"> – Locally stored and managed contracts – Manual contract mgmt. and compliance <p>Outdated management systems</p> <ul style="list-style-type: none"> – Multiple systems used to manage contracts 	<p>Poor user experience drives non compliance and poor data quality</p> <ul style="list-style-type: none"> – Ordering systems do not match stakeholder expectations of ‘eBay’ style user friendliness – Users avoid system or fail to fill in fields <p>Disjointed processes</p> <ul style="list-style-type: none"> – e.g. compliant purchase requests do not automatically generate POs 	<p>Manual invoicing processes</p> <ul style="list-style-type: none"> – Manual release of divergent invoices <p>Lost rebates payments</p> <ul style="list-style-type: none"> – Negotiated rebates are not tracked or invoiced <p>Slow and unfriendly system</p> <ul style="list-style-type: none"> – Manual / slow processing <p>Budgets not tracked</p> <ul style="list-style-type: none"> – Stakeholders not automatically notified when tracking over budget

G Organisational capability

<p>Poor knowledge management</p> <ul style="list-style-type: none"> – No generic procurement knowledge mgmt. process – No central repository for data – Item, supplier and contract master maintained by functional stakeholder groups 	<p>Poor procurement management/integration</p> <ul style="list-style-type: none"> – Customers view purchasing role as reactive, transactional and administrative – Procurement seen as ops and not as value generator – No process and KPIs to track procurement performance 	<p>Poor training availability</p> <ul style="list-style-type: none"> – Staff unaware how to correctly follow procurement processes – No training in place for new procurement technologies
--	--	---

Typical potential to improve key impact areas

Impact

Focus Area	Recommended Next Steps
Near term price reduction	<ul style="list-style-type: none"> – Evaluate the potential to hold supplier summits – Explore price reduction levers in line with the supply / demand power of the sub-category
Long term total cost of ownership	<ul style="list-style-type: none"> – Install significant infrastructure to support Procurement like Rfx, spend visibility, CRM or SRM – Systematize the SRM governance process and increase cross-functional/BU collaboration
Improved Working Capital Productivity	<ul style="list-style-type: none"> – Evaluate a further trade-off of working capital levers (e.g. payment terms, inventory) vs. pricing – Explore joint programs with strategic suppliers to optimize working capital along with other performance elements
Innovation and revenue enhancement	<ul style="list-style-type: none"> – Establish processes and tools for dynamic category strategies that capture real-time developments – Recognize and reward supplier innovation contribution and drive for more through supplier hackathons/innovation summits
Demand shaping	<ul style="list-style-type: none"> – Establish continuous learning process to address changing customer needs – Involve procurement in reviews with the business to proactively control demand of discretionary spend; establish clear and transparent reporting of compliance
Supply risk management	<ul style="list-style-type: none"> – Prioritize future goals with select businesses or categories – Improve supplier scorecards to cover all performance metrics covering specific goals/initiatives
Supplier Diversity	<ul style="list-style-type: none"> – Create clear targets to improve supplier diversity and require reporting against targets – Frequently enrich supplier diversity data through manual efforts
Sustainability and corporate social responsibility	<ul style="list-style-type: none"> – Create a culture in procurement that is seen as a differentiator in the organization that supports talent strategy and enhances the procurement brand – Use point solutions with partially automated data capture and scoring to drive sustainable procurement; make sustainable buying decisions based on data driven insights
Procurement operating efficiencies	<ul style="list-style-type: none"> – Prioritize future goals with select businesses or categories – Conduct periodic "Procurement and Finance Summits" to expand / align on key metrics and performance evaluation

Procurement transformation elements – Case example

Case - Identified challenges that triggered the need for procurement transformation

Our understanding of Client requirements

1

Effectiveness

What we've heard

“High commodity prices, rising labor cost are putting pressure on financials. Client is experiencing notable operational inefficiencies and lack of productivity leading to financial losses.”

Opportunity

€Xm opportunity through Procurement transformation, informed by benchmarking, AEP experience. Savings to be reinvested in capabilities, salaries

2

Capabilities

“Significant financial losses are being incurred by the organisation that can be attributed to sub-optimal contracting and poor contract management practices, basic sourcing strategies and low transparency”

Upskilling, optimising the operating model and best-in-class digital capabilities will yield substantial benefits to the organisation

3

Governance

“An unacceptable number of non-awards, and a high number of tenders that were cancelled increasing the number of litigations. This can also be attributed to corrupt activities that may be a residue of the culture of state capture”

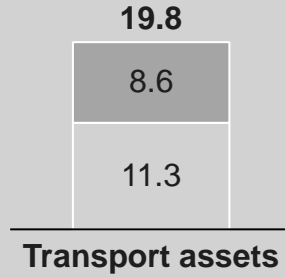
Best practice governance prohibits value loss and further optimises business processes

Client could unlock €Xm of value p.a. of costs through procurement optimisation

Outside-in
Effectiveness

1

External spend¹ €bn, 2021



Selected levers

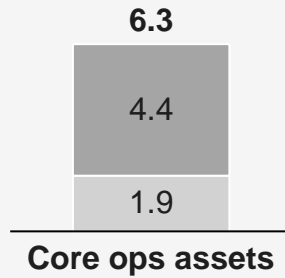
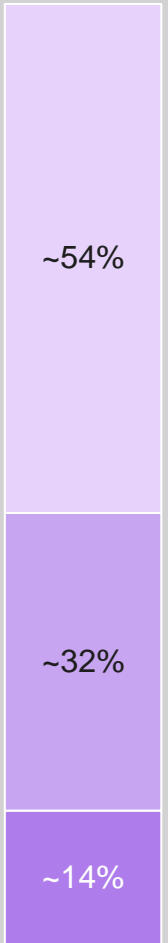
- Trucks, rolling stock
- Construction
- Maintenance & Repair
- External services
- Fuel
- Equipment

Avg. expected cost savings

4-9%

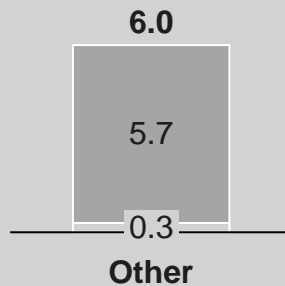
Potential savings

2-4



- External Transport
- External Warehousing
- Maintenance
- Electricity
- Construction
- Security
- Fuels & lubricants

12-20%



Indirect costs:

- IT
- Insurance
- Other electricity & Utilities
- Facility management
- Marketing
- Advertizing

7-15%

Client

■ OPEX
■ CAPEX

1. Operating expenses excluding personnel + CAPEX as a proxy

When assessing key spend categories, we review the potential levers to define the window of opportunity.

Client example

		PVC opportunity levers	Ease of implementation	Estimated Savings ¹ (%)
Bottom-up	1	Contract vs Spot	High	5-8%
	2	International vs EUR Supply	High	0-4%
	3	Recycle Resin (20-40% substitution)	Medium/High ²	5-10%
	4	Spec Harmonization	Low	0%
	5	Volume Discounts	High	0-3%
	6	Buyer Power	Low	0%
	7	Plant Location Optimization	Medium	0-1%
		Total: Strong Confidence		10-16%
		Total: Full Range		0-24%
Top-down	8	Pricing vs Market Index	Medium	16-21%

1. Savings compared to Jan 2018 average pricing across suppliers (\$0.38 per lb), previous client data
 2. Recycle capacity for required specs to be confirmed

Kearney's Purchasing Chessboard® is used extensively to reduce cost and increase value

Kearney's proprietary Purchasing Chessboard®

In-depth understanding of the supply market dynamics to quickly identify optimal strategy...



Supply market analysis

Business requirements and constraints

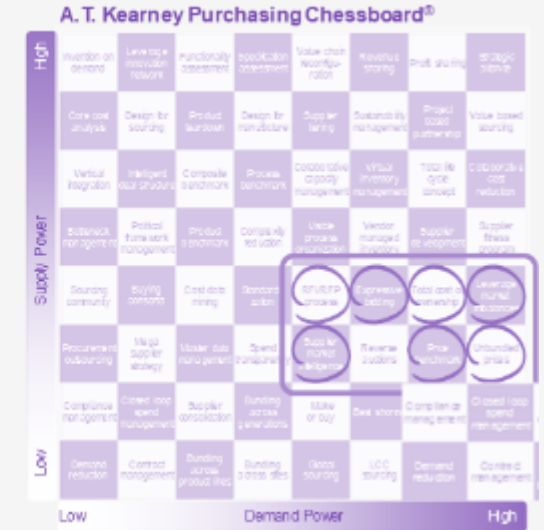
Lead time expectations, customer equipment, services required, etc.

Carrier performance

Historic performance captured on supplier scorecards

Business volume

Client business volume, growth perspectives and willingness to commit



Effectiveness

1

Multi round game theory based negotiation

Alternative offers (e.g., lower SLAs, use of proprietary logistic platform / warehouses, etc.)

Bundling discounts

Total cost evaluation (priced and non-priced elements)

Discounts for volume, payment terms, contract length, commitment, etc.

Expanded bidder list incl. selected freight forwarders and NVOCCs¹



Risk mgmt. / constraints

- ✓ Yearly volume commitment in return for guaranteed container availability
- ✓ 2-3 suppliers per route with volume allocation and 2-3 back-up suppliers
- ✓ Capacity limitation per business unit, tons moved per year, number of routes, financial risk, etc.
- ✓ ...



...which will be operationalised through specific levers in the RFP process

The essence of The Purchasing Chessboard® is the assessment of supply power and demand power

Effectiveness

1

The Purchasing Chessboard® concept

Demand and supply power

A. Factors driving supply power

- Number of credible suppliers
- Split of market shares among suppliers
- Merger and acquisition dynamics in the supplier market
- Entry barriers for new suppliers
- Ease of substituting supplier
- Entry barriers for new products
- Availability of products

B. Factors driving demand power

- Client's share of relevant demand (in the region)
- Growth perspectives offered to suppliers by client
- Opportunities for suppliers to further develop competencies through working with client
- Opportunities for suppliers to further develop image through working with client



64 levers on the Purchasing Chessboard® can be used for building a category strategy.

Effectiveness

1

Supply power	High	8	Invention on demand	Leverage innovation network	Functionality assessment	Specification assessment	Value chain reconfiguration	Revenue sharing	Profit sharing	Strategic alliance
		7	Core cost analysis	Design for sourcing	Product teardown	Design for manufacture	Supplier tiering	Sustain-ability management	Project based partnership	Value based sourcing
		6	Vertical integration	Intelligent deal structure	Composite benchmark	Process benchmark	Collaborative capacity management	Virtual inventory management	Total life cycle concept	Collaborative cost reduction
		5	Bottle-neck management	Political framework management	Product benchmark	Complexity reduction	Visible process organization	Vendor managed inventory	Supplier development	Supplier fitness program
		4	Sourcing community	Buying consortia	Cost data mining	Standardization	RFI/RFP process	Expressive bidding	Total cost of ownership	Leverage market imbalances
		3	Procurement outsourcing	Mega supplier strategy	Master data management	Spend transparency	Supplier market intelligence	Reverse auctions	Price benchmark	Unbundled prices
		2	Compliance management	Closed loop spend management	Supplier consolidation	Bundling across generations	Make or buy	Best shoring	Cost regression analysis	Factor cost analysis
	Low	1	Demand reduction	Contract management	Bundling across product lines	Bundling across sites	Global sourcing	LCC sourcing	Cost based price modeling	Linear performance pricing
			A	B	C	D	E	F	G	H
			Low							High

The Purchasing Chessboard® concept

We empower Value Engineering Teams to identify and implement re-specification opportunities in tandem with procurement interventions.

Effectiveness

1

Value Engineering Team (VET) Concept

- Empowered team to make value engineering decisions efficiently and effectively
 - Single accountable per function for entire company (e.g. 1 operations person to act on behalf of sites)
 - Assigned by Top Management with full mandate
 - Escalation option to Project Leadership in case of critical trade-offs
- Frequent, structured sessions to advance value levers along 7-step process with 3 “go” moments
- In-between “homework” to test potential and feasibility of value engineering levers for colleagues



VET in practice: Packaging



R&D

- Evaluate harmonization and/or substitution levers
- Review compatibility with production line / transport norms and requirements
- Assess technical feasibility for production



Operations

- Assess operational benefits of spec. harmonization
- Assess line compatibility / investments of new specs and order sizes in factories and warehouses
- Evaluate impact on transportation / protection



Commercial

- Clarify importance of specs to customers
- Evaluate feasibility of spec changes on packaging within client requirements
- Assess impact on customers (If needed: test with clients)



Procurement

- Scout for supplier innovations through RFI
- Test levers in supply market through supplier consultation
- Determine economic value of levers and develop most beneficial scenarios

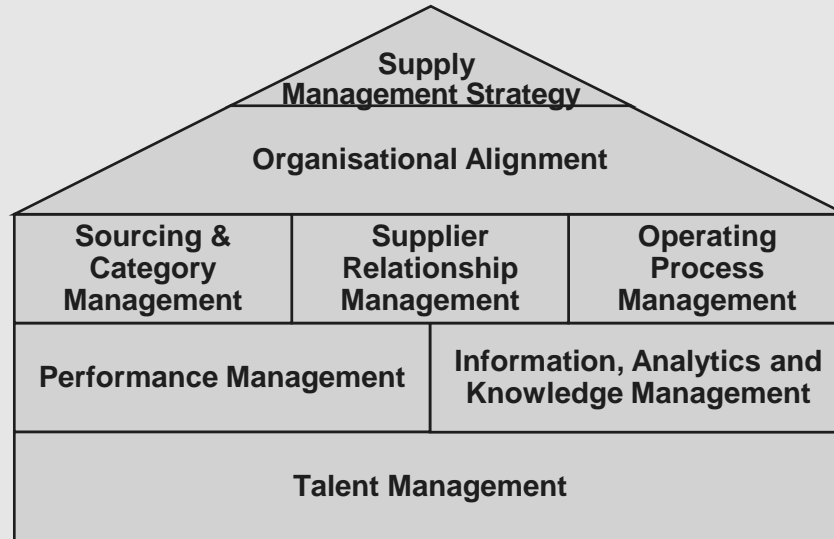
The Kearney Assessment of Excellence in Procurement (AEP) is used to assess the internal effectiveness of procurement function

Capabilities

2

Analysis of Excellence in Procurement

1 House of Purchasing and SupplySM



Relative Performance Against all Participants

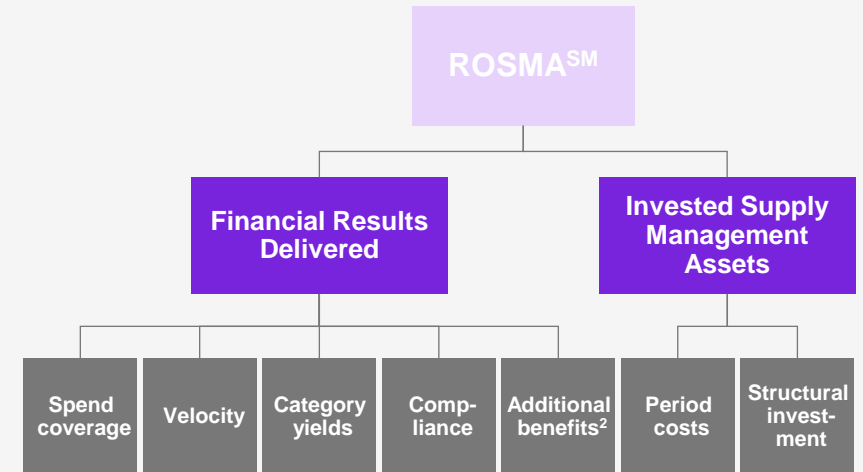
Quartile Ranking

■ 1st Quartile
 ■ 2nd Quartile
 ■ 3rd Quartile
 ■ 4th Quartile

First quartile rating requires an average Leadership Practice score in the top 25%, as well as not having a score less than 1 in any of those Leadership Practices
 Additional benefits per full-time equivalents for participants that submitted additional benefits
 Source: Return on Supply Management Assets surveys and AEP studies from 2011 – 2017

Return on Supply Management Asset

2 ROSMASM



Jointly defined design principles are important to guide the end state design and transition journey for the Client Procurement Function

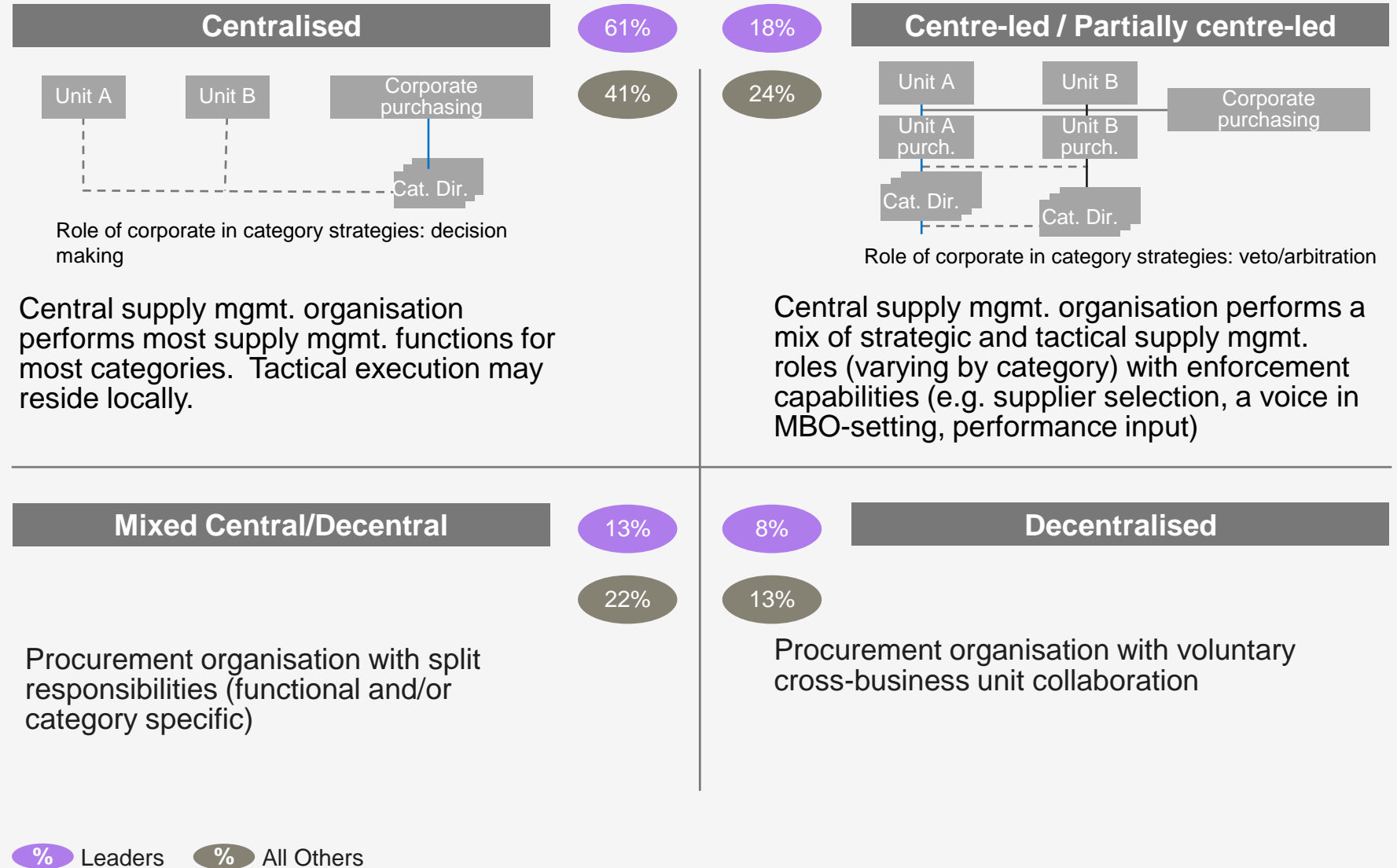
Capabilities

2

Design framework	
Level of centralization	WHAT is appropriate span of control for central Procurement operations, and what should stay local?
Reporting lines within sub-organizations	WHO shall report to who, what is an appropriate span of management per person, and how many levels shall the organization have?
Category groupings	WHAT is a logical category grouping to make up an appropriate amount of responsibility and workload per PM and CM?
Procurement vs. Functional lead	SHOULD Procurement function or business function take the lead Procurement role within certain areas?
Size of organization	HOW MANY staff will be needed per role and sub-organization?
Location of organization	WHERE shall the organization be located?
Roles and responsibilities	WHAT is the mission and vision of the Procurement organization? WHAT is the role and responsibility per role?
Internal customer interaction	HOW does the processes of interacting with other departments need to be adapted to the new organization?

Based on AEP findings and design principles, various options emerge on the fit for purpose operating model for the organisation

AEP results - Organisational Alignment



Capabilities

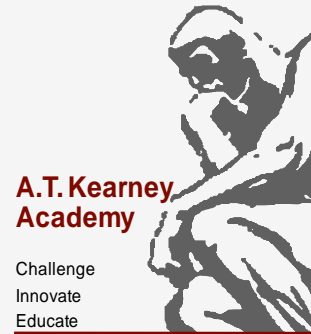
2

The Kearney Procurement Academy plays an important role in driving skills development building to ensure sustainability and propagation of results

Capabilities

2

a Kearney Procurement Academy

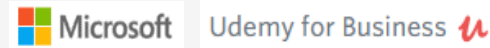


An overview

- Trains **2000 – 3000** people yearly globally
- **16 modules**
- **20 sessions**
- **Held mega-trainings for >300 people for a client in KSA**



b Online – Degreed Learning Pathways
In partnership with Microsoft Learn and Udemy



An overview

- **Global Training Programme**
- **150+ online certified** courses on procurement
- **15+ Experts available to** answer any query
- **50+ articles/publications**

Training Modules

Module I (Core Skills)	Module II (Sophisticated Levers)	Module III (Advanced Skills)
Introduction to Procurement (AEP, House of Purchasing and ROSMA)	Should Cost	Negotiations
House of Purchasing	Demand Management	Category Management
7-steps	TCO	Risk Management
The Purchase Chessboard	RFI/RFP best practices	TrueSRM
Strategies into action – Chessboard examples	Collaborative Optimisation	Big Data and Analytics
	Parametric Bidding	

Acquiring knowledge is an **individual task** and the individual should have the **choice of source** and be offered the ability to repeat the trainings (e.g., read material, see a video, hear a web-cast). If training stops here, **70% to 80% of the learnings will no longer be recalled after 6 months**

Classroom training and workshops deepen the lessons learned by discussions, break-out session and presentation of results by the participants. If training stops here, **between 30 to 40% of the content will not be recalled after 6 months**

Only the addition of on-the-job training, or ‘active learning’ enables retention of up to 90% of content

Source: Kearney

Digital Solutions will increasingly show that they can deliver a significant return on investment

Capabilities

2

75%

Contracting cycle time reduction

20-40%

Savings on ignored spend categories

30-50%

Reduction of contract value leakage

15%

Incremental savings through tail spend automation

80+%

E2E supply chain visibility

100%

Security of supply



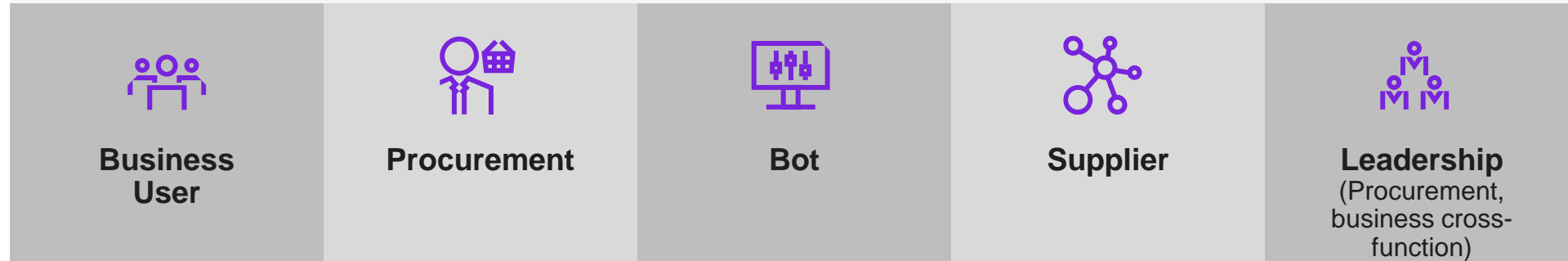
Increase in sourcing volume yields, velocity, spend coverage, and opportunity identification



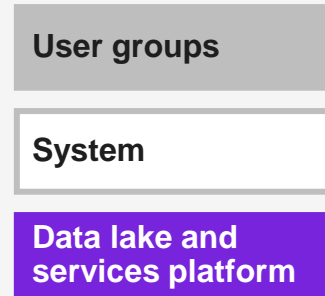
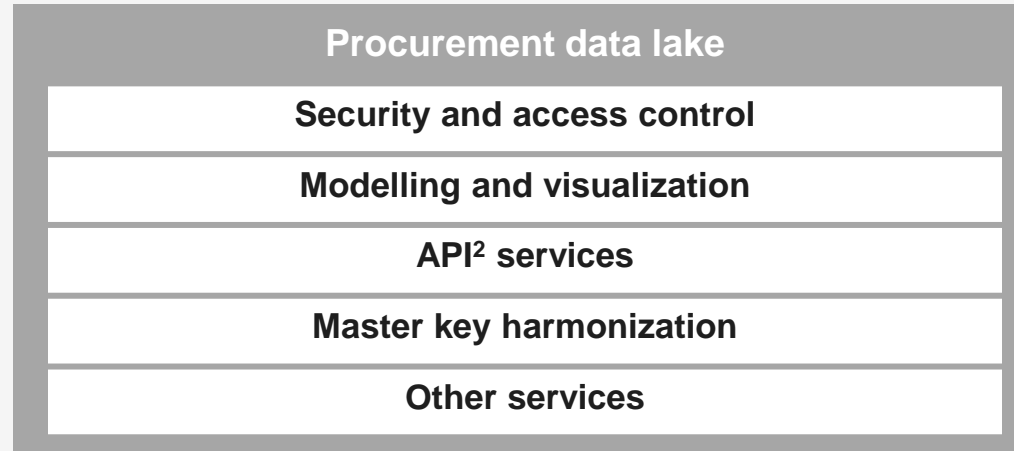
From service function ...
...to business partner

As an example to explore, a procurement data lake provides one source for all supplier information

Procurement data lake architecture



Conceptual



MDM ¹	ERP ³ systems	P2P ⁴ systems	Spend	External feeds	ERP systems
<ul style="list-style-type: none"> – Supplier Master Data 	<ul style="list-style-type: none"> – ERP³ 1 – ERP³ 2 – ERP³ 3 	<ul style="list-style-type: none"> – Payment – Requisition – Contracting 	<ul style="list-style-type: none"> – Data feed 1 – Data feed 2 – Data feed 3 	<ul style="list-style-type: none"> – SRM⁵ tool 1 – SRM⁵ tool 2 – SRM⁵ tool 3 	<ul style="list-style-type: none"> – Financial risk – News – Social Media – Regulatory – Market indices

1. Master data management. 2. Application programming interface 3. Enterprise resource planning 4. Peer-to-peer 5. Supplier relationship management
Source: Kearney

The governance challenges in most of the country's SOEs arise from not effectively balancing efficiency with compliance

Governance

3

Efficiency vs. Compliance

- Agility to adapt to market changes and related changes to strategy
- Unlock a seamless bid management
- Optimize committees structures
- Develop Critical Compliance Control Points to unlock efficiency for low-risk activities and improve compliance for high-risk activities

Efficiency

Compliance

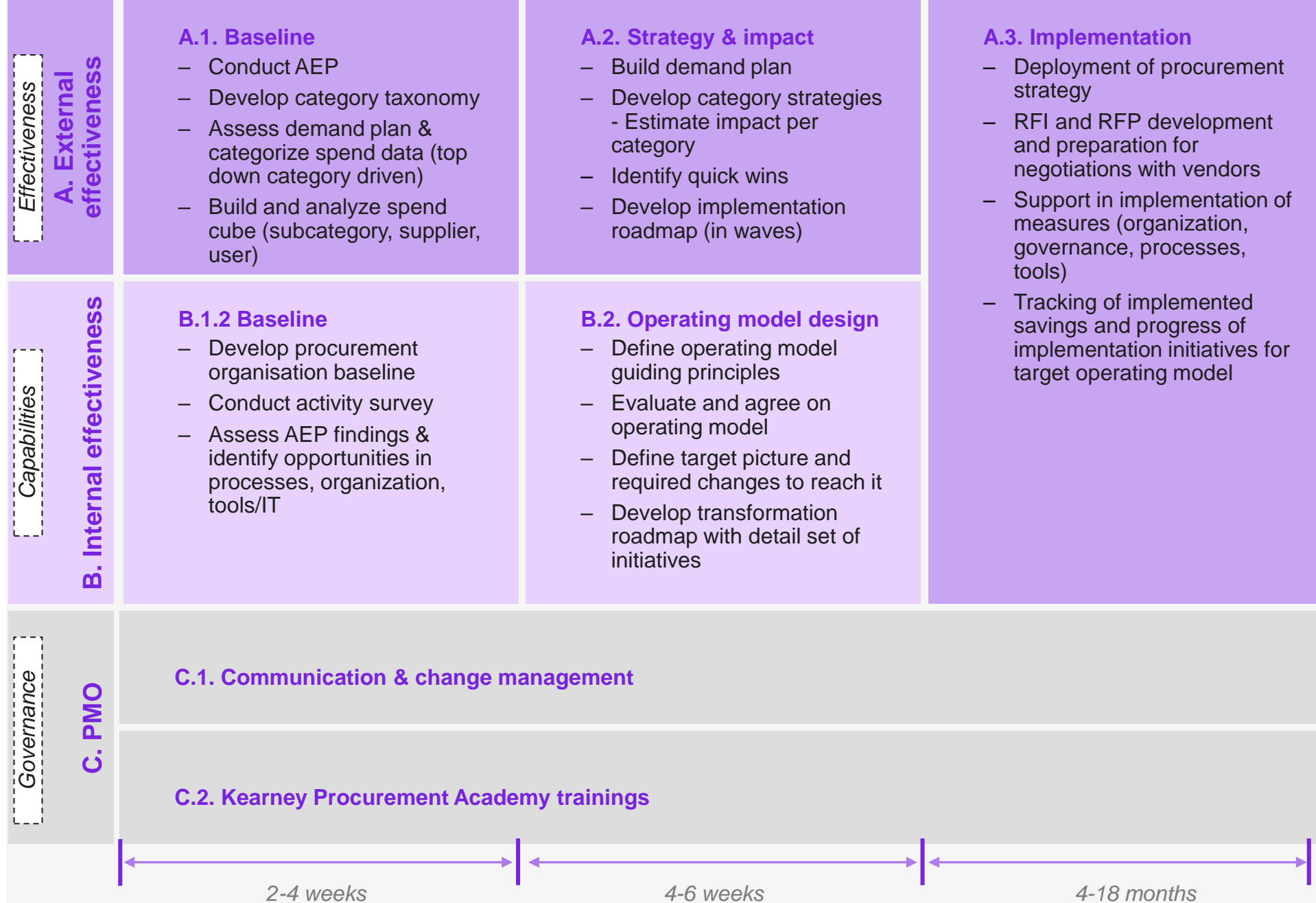
Best Practice

Litigation Risk Management

Audit Risk Management

- 360 degree sight to proactively monitor and manage audit and litigation risk
- Checks and balances aligned to desirable balance between agility and risk management
- Share of spend controlled by procurement

We typically approach procurement projects in a combination of organizational and sourcing aspect



Data is a critical enabler to execute successful procurement transformation.

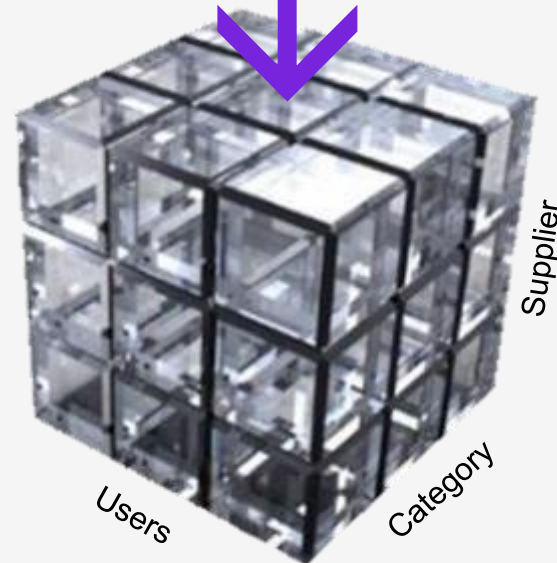
If data does not exist it needs to be created

Spend Cube approach

Uncategorised spend



Spend transparency



Division A

- What do I buy?
- Where do I buy?
- How much do I buy?
- Whom do I buy from?
- What price do I pay?
- ...

Division B

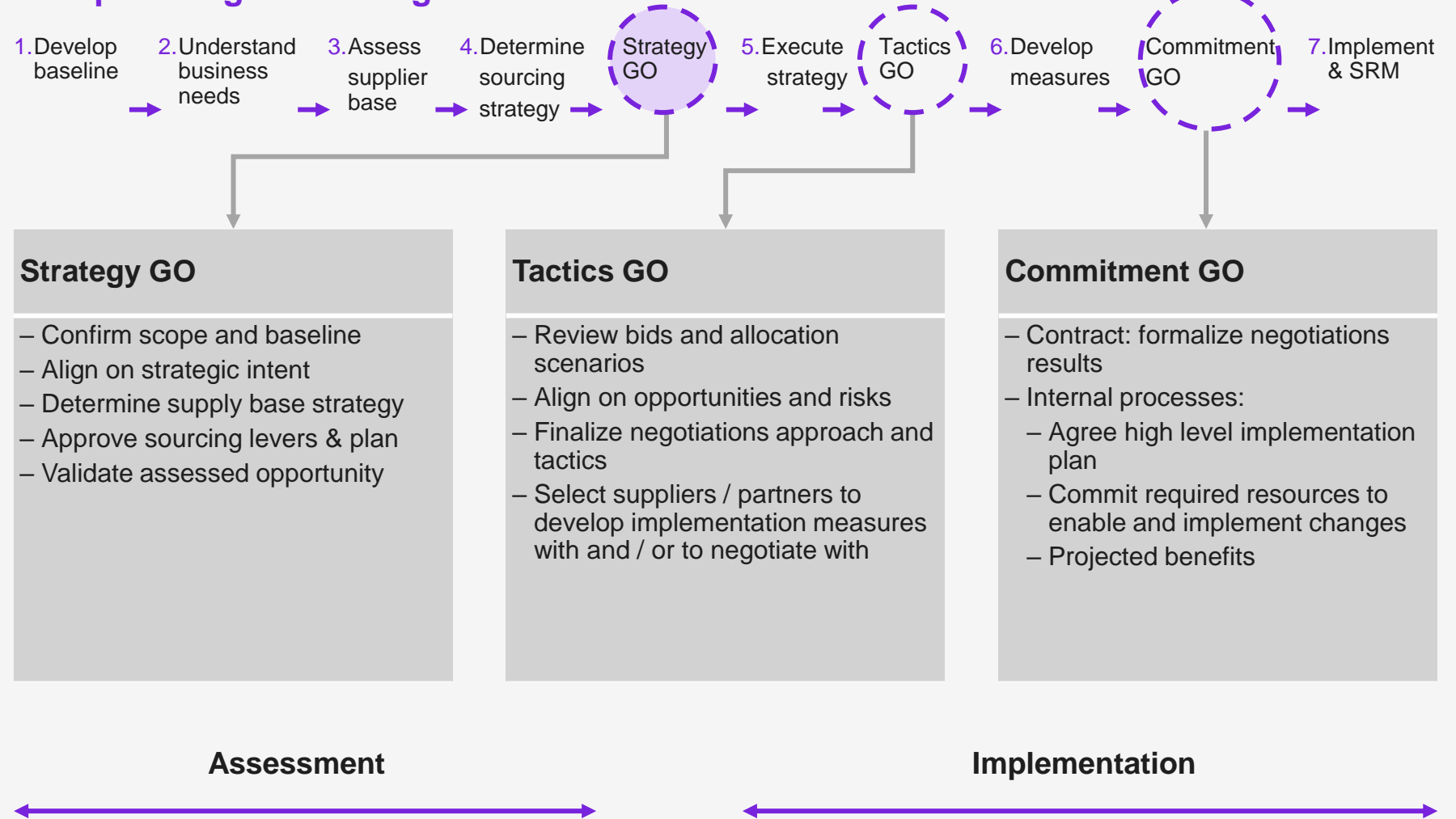
- What do I buy?
- Where do I buy?
- How much do I buy?
- Whom do I buy from?
- What price do I pay?
- ...

Group

- Do I buy the same things? (item level)
- Do they go the same locations?
- What is the aggregate volume? Who drives it?
- Do I buy from the same suppliers?
- Do I pay the same prices?
- ...

The 7-step Strategic Sourcing process is used as a structured, rigorous methodology to realize maximum value from your supplier base

7-step Strategic Sourcing Process



The Kearney Assessment of Excellence in Procurement (AEP) is used to assess the internal effectiveness of Client's procurement function

AEP conducted at both group and divisional level

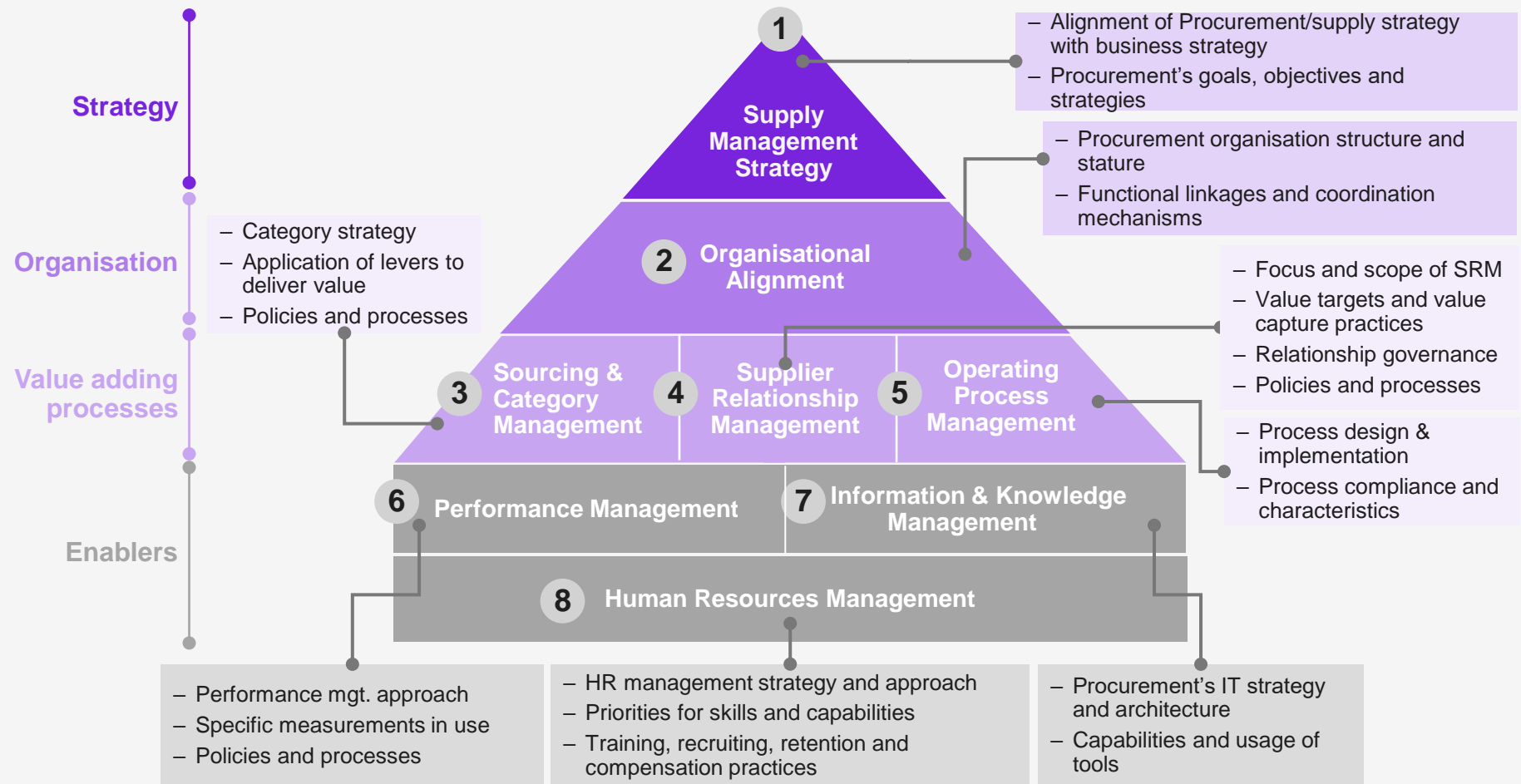
Relative performance of Client versus peers will guide areas to be addressed

Ambition levels will be agreed per dimension

A. Value capture

1. Baseline

House of Purchasing and Supply Management™



Included in the AEP is the Return on Supply Management Assets (ROSMASM) to assess external effectiveness of Client's procurement function

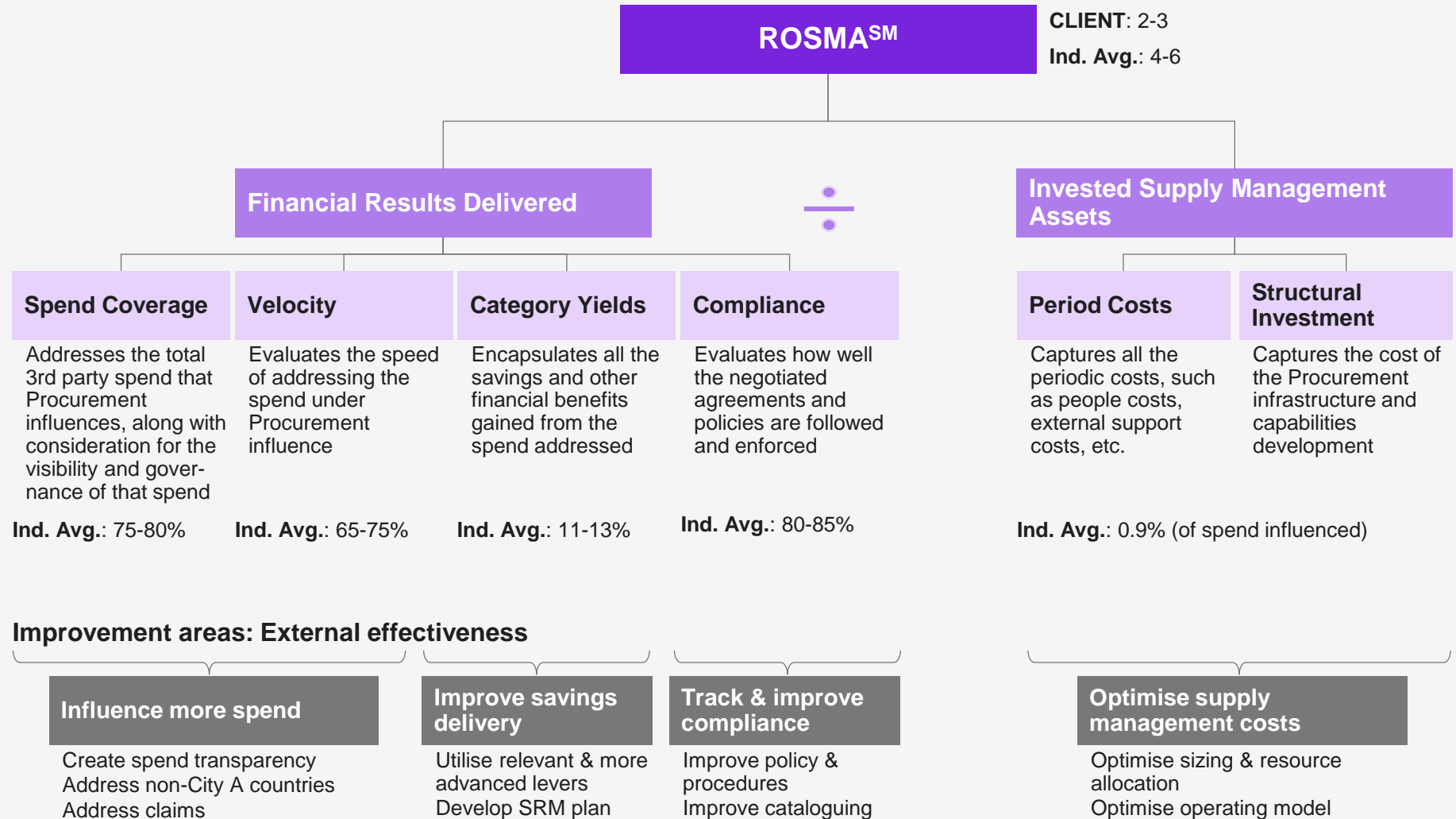
Client example

ROSMA conducted at both group and divisional level

Improvement areas are defined based on performance relative to peers

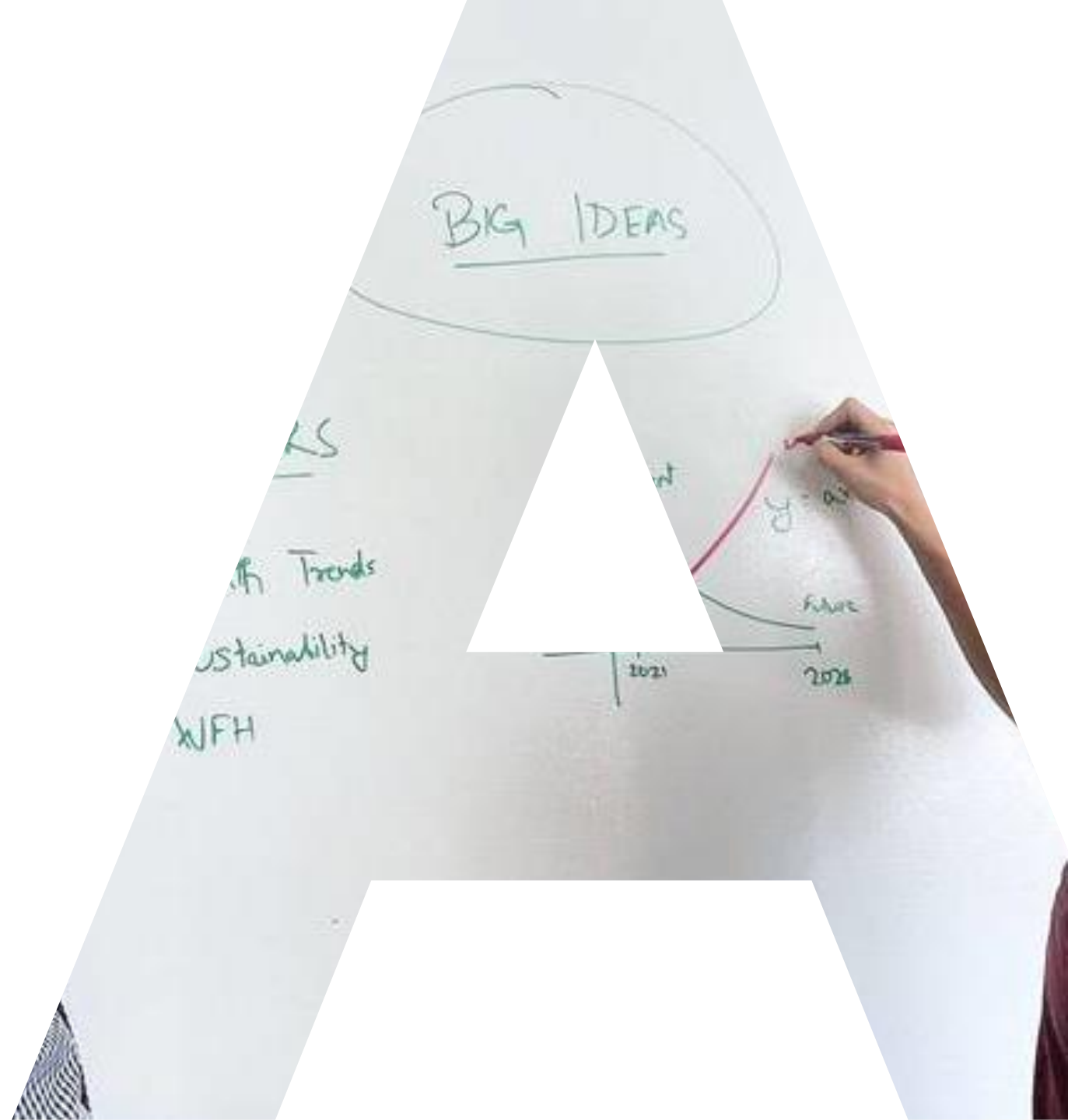
A. Value capture 1. Baseline

ROSMASM calculations



Source: Kearney

The Purchasing Chessboard[®] concept



The essence of The Purchasing Chessboard® is the assessment of supply power and demand power

Demand and supply power

A. Factors driving supply power

- Number of credible suppliers
- Split of market shares among suppliers
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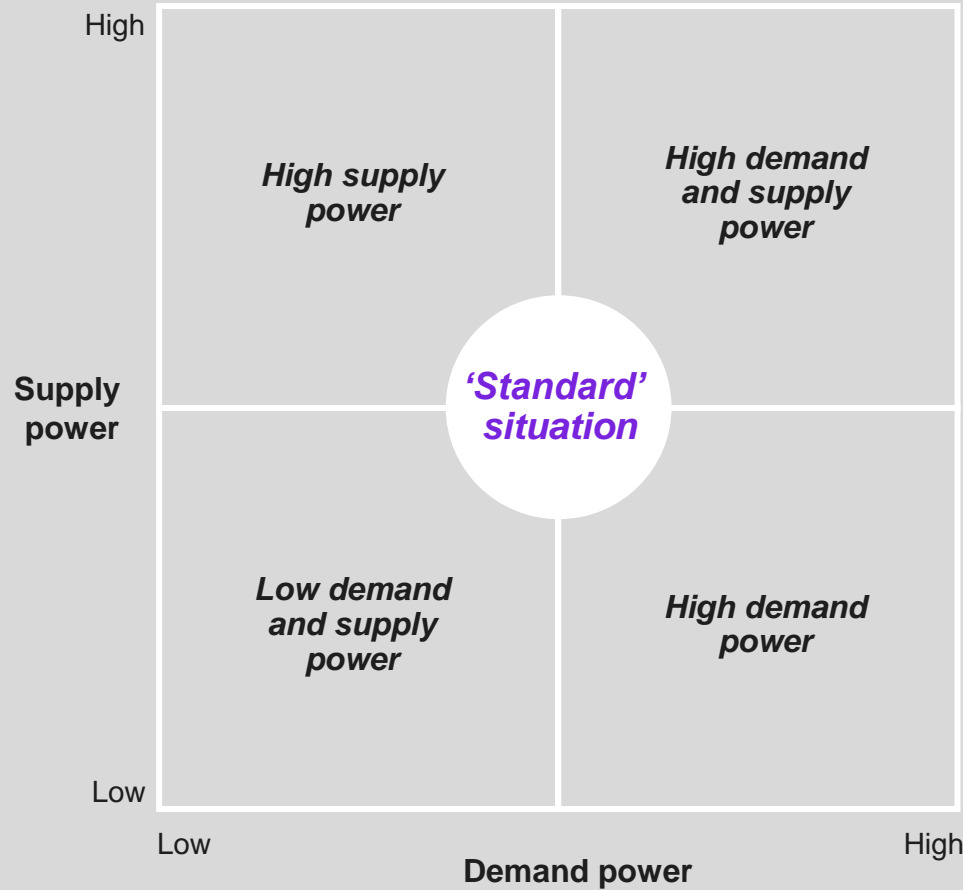


The Purchasing Chessboard® concept

Standard RFI/RFP sourcing has been deployed effectively at most companies around the globe

The Purchasing Chessboard® concept

"Standard" situation



RFI/RFP sourcing

Constantia Packaging
Lieferung in
Schweiz
Adresse

TO: C&S Director FROM: Margi Reymond
PROGRAM

COMPANY: L&P Inc. DIAL: +43 000000000000
RESERVE: +43 000000000000

PERSONNEL: 3 DATE: June 17, 2008
PAGE PROOF: none

Request for Information: BESCHAFFUNGSGRUPPE

Dear Madam Sir:

We are pleased to inform you that you are invited to participate in the Constantia Packaging Group's supply for the constantia packaging materials and supplies for the...

With a number of approximately 11 million 12 packages a day, Constantia Packaging is one of the largest plants in the European market for flexible packaging and composite board products. Information please visit our website: www.constantia.com. With our portfolio of products, constantia is a dynamic and growing business with a wide range of services and products. Our products are made of high quality materials and are produced in accordance with the highest standards.

To have a better overview, please visit our website www.constantia.com. We have a large inventory of products in the market and will be pleased to offer you our products. We are looking for qualified suppliers who are interested in participating in our supply program. Constantia Packaging is looking for suppliers who are interested in participating in our supply program. Constantia Packaging is looking for suppliers who are interested in participating in our supply program.

With the constantia we are looking for a partner who is interested in participating in our supply program. We are interested in participating in our supply program. We are interested in participating in our supply program. We are interested in participating in our supply program.

Information (1):

Constantia Packaging
BESCHAFFUNGSGRUPPE
Fax: +43 0000000000

Request for Information (10)

Company name:		Constantia (IB, M):	
Address Street:		Phone:	
City:		E-mail:	
Zip code:		Direct telephone:	
Country:		Director:	

Company code:	000	000
Trade name and logo:		
Type of registration in the market:		
Market description:		
Major customer:		
Major competitor:		

Do you like a long response in Europe? Yes, please! No

Do you want to quote? Yes No

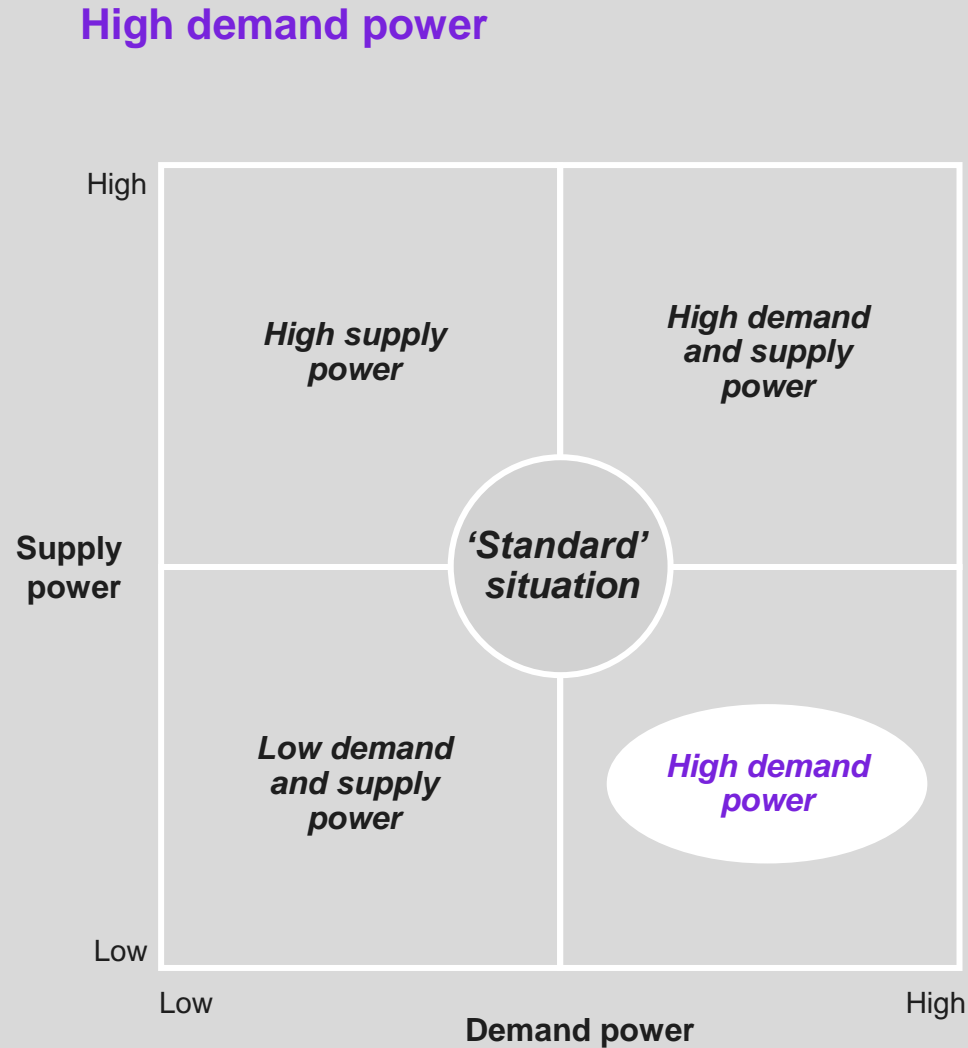
Information (12)

Do you want to participate in this RFI/RFP?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you have a product in the market?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you have a product in the market?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you have a product in the market?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you have a product in the market?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you have a product in the market?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you have a product in the market?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you have a product in the market?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you have a product in the market?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you have a product in the market?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you have a product in the market?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you have a product in the market?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Options:

Other comments:

In case of high demand power, target prices are determined and dictated to the suppliers.



Levers for cost reduction and value generation:

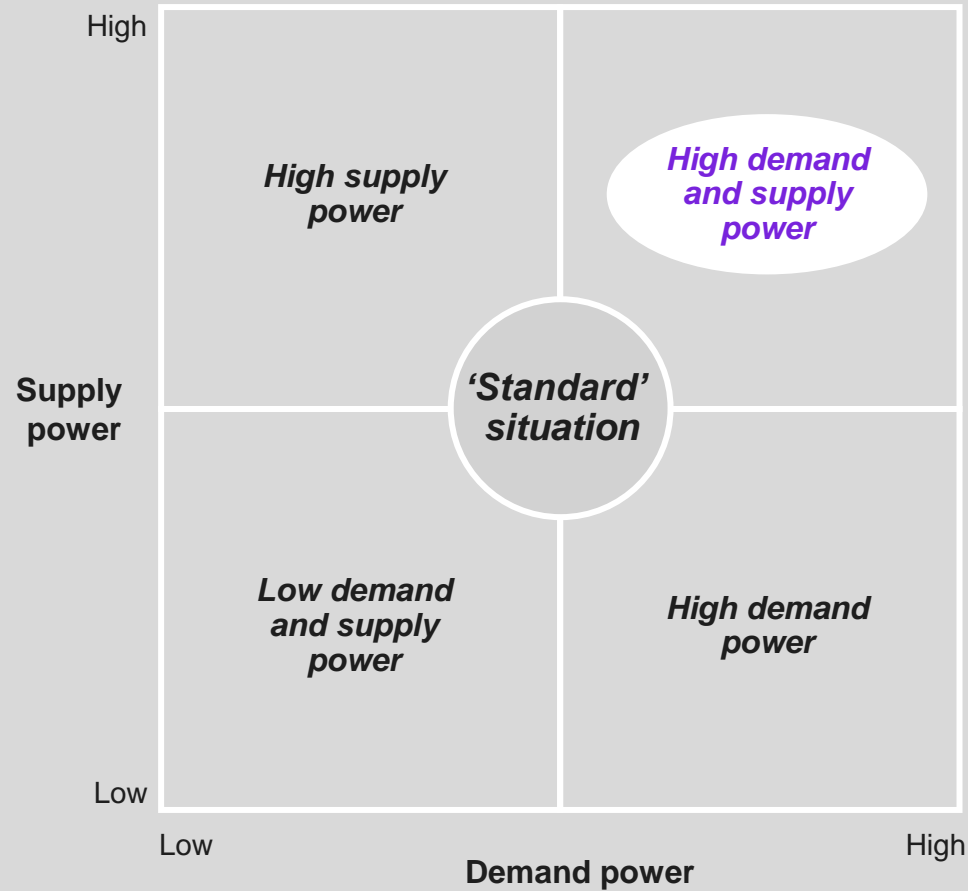
- Leveraged competition
- Globalization
- Supplier pricing review
- Target pricing



The Purchasing Chessboard®
concept

In case of high demand and supply power, a partnership-based approach yields the best results.

High supply and high demand power



Levers for cost reduction and value generation:

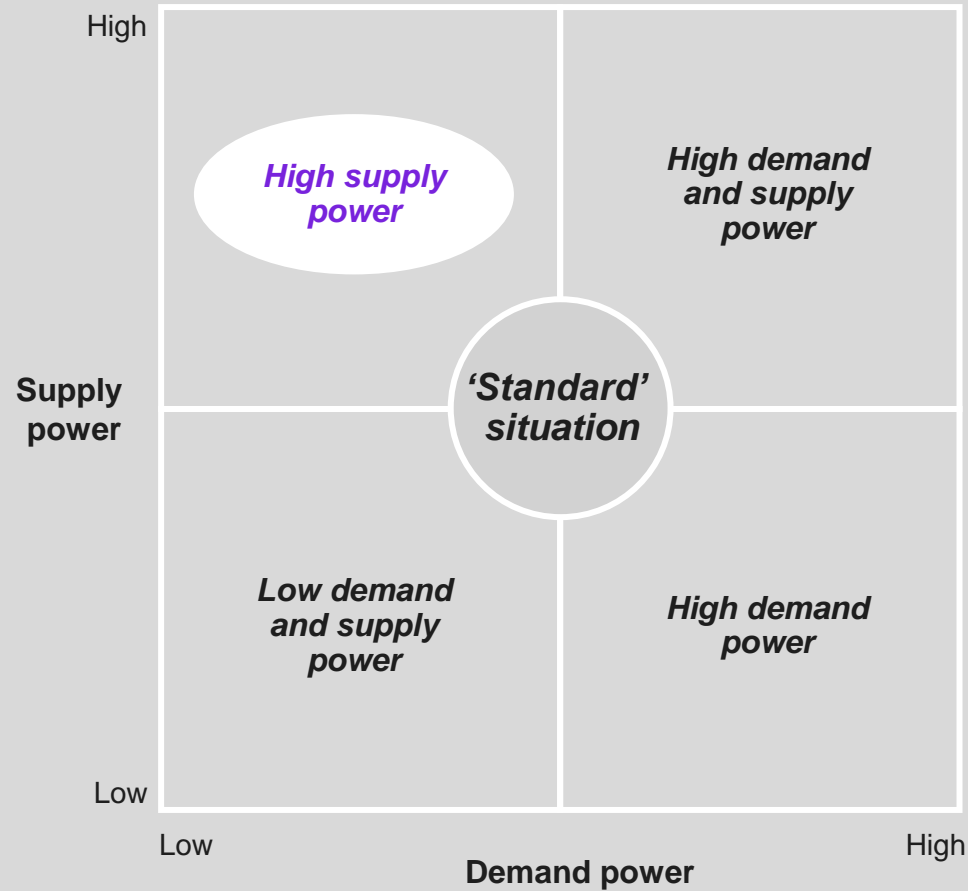
- Value chain management
- Integrated operations planning
- Value partnership
- Cost partnership



The Purchasing Chessboard®
concept

Sole dependency on suppliers calls for new rules of the game.

High supply power situation



Levers for cost reduction and value generation:

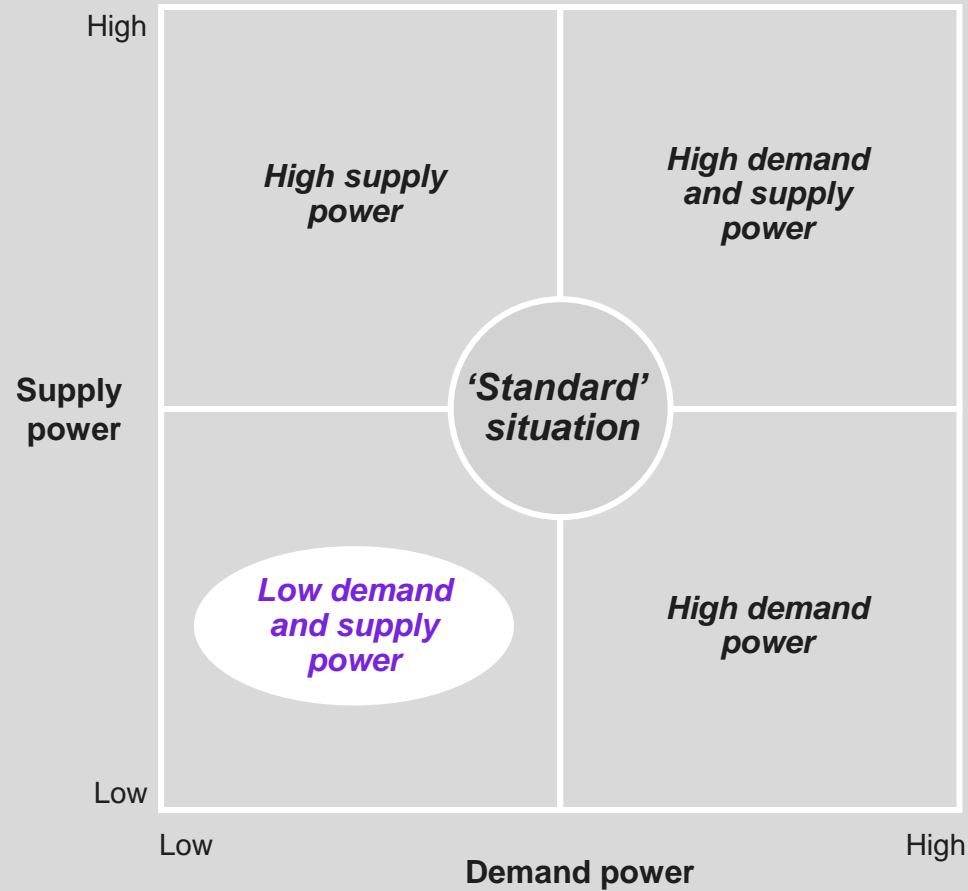
- Innovation on demand
- Risk management
- Re-specification
- Technical data mining



The Purchasing Chessboard® concept

For commoditized products and services, demand- and contract-management are the most effective levers.

Low supply and demand power



Levers for cost reduction and value generation:

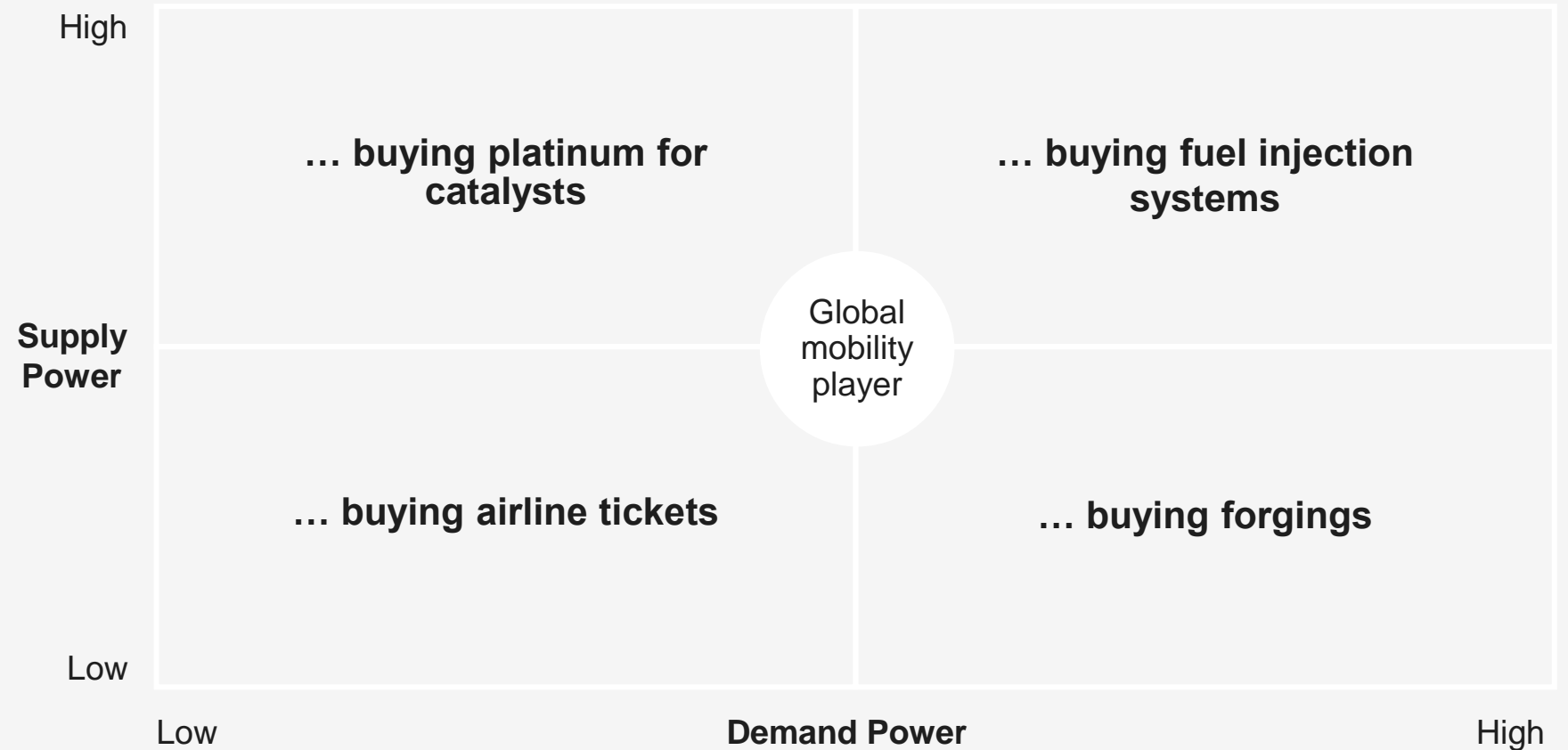
- Co-sourcing
- Demand management
- Commercial data mining
- Volume bundling



The Purchasing Chessboard®
concept

Being successful in today's market requires profound understanding of demand and supply power.

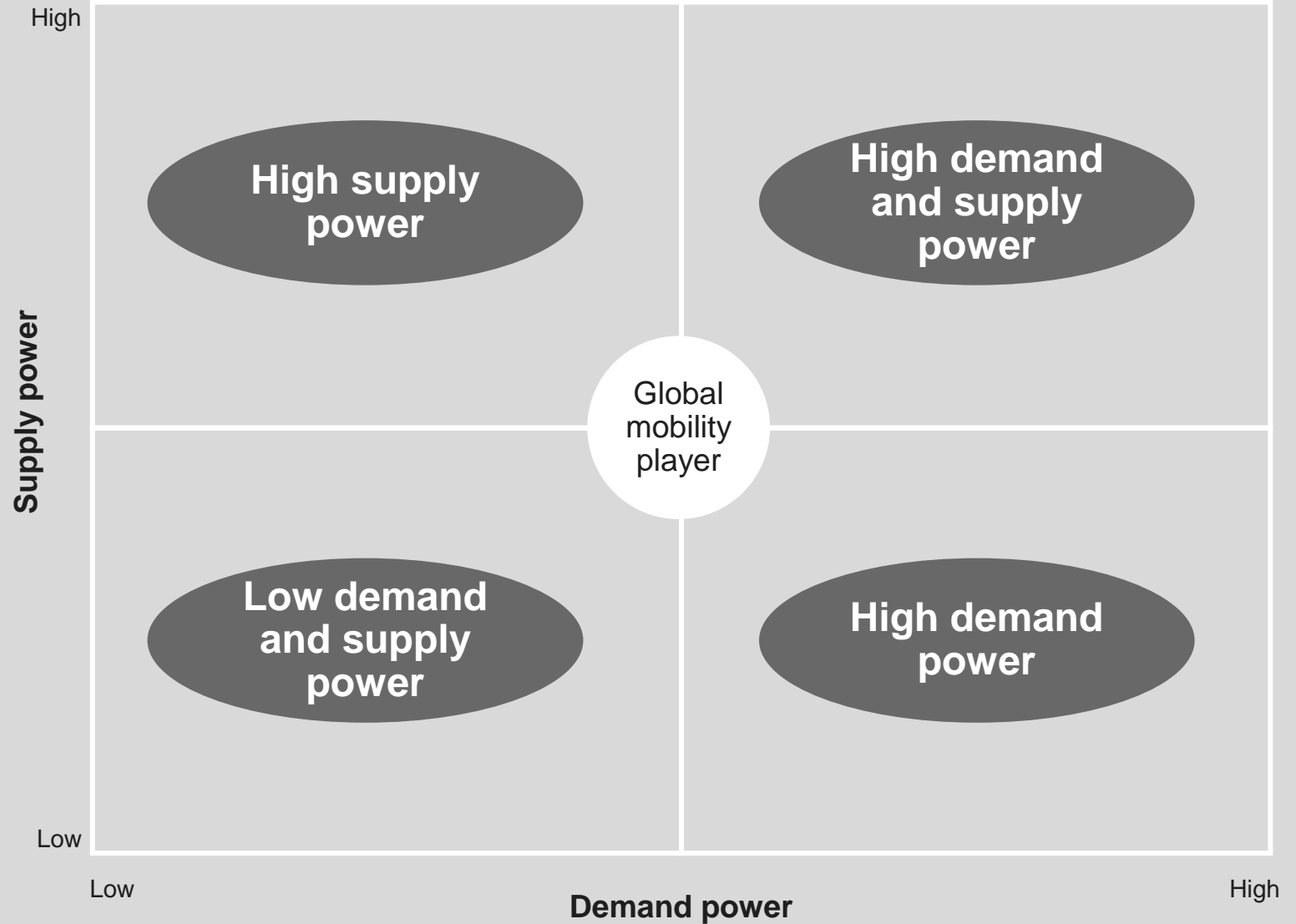
The playing field



The Purchasing Chessboard® concept

4 basic strategies
make the
Purchasing
Chessboard easy
to use – even for
executives outside
procurement.

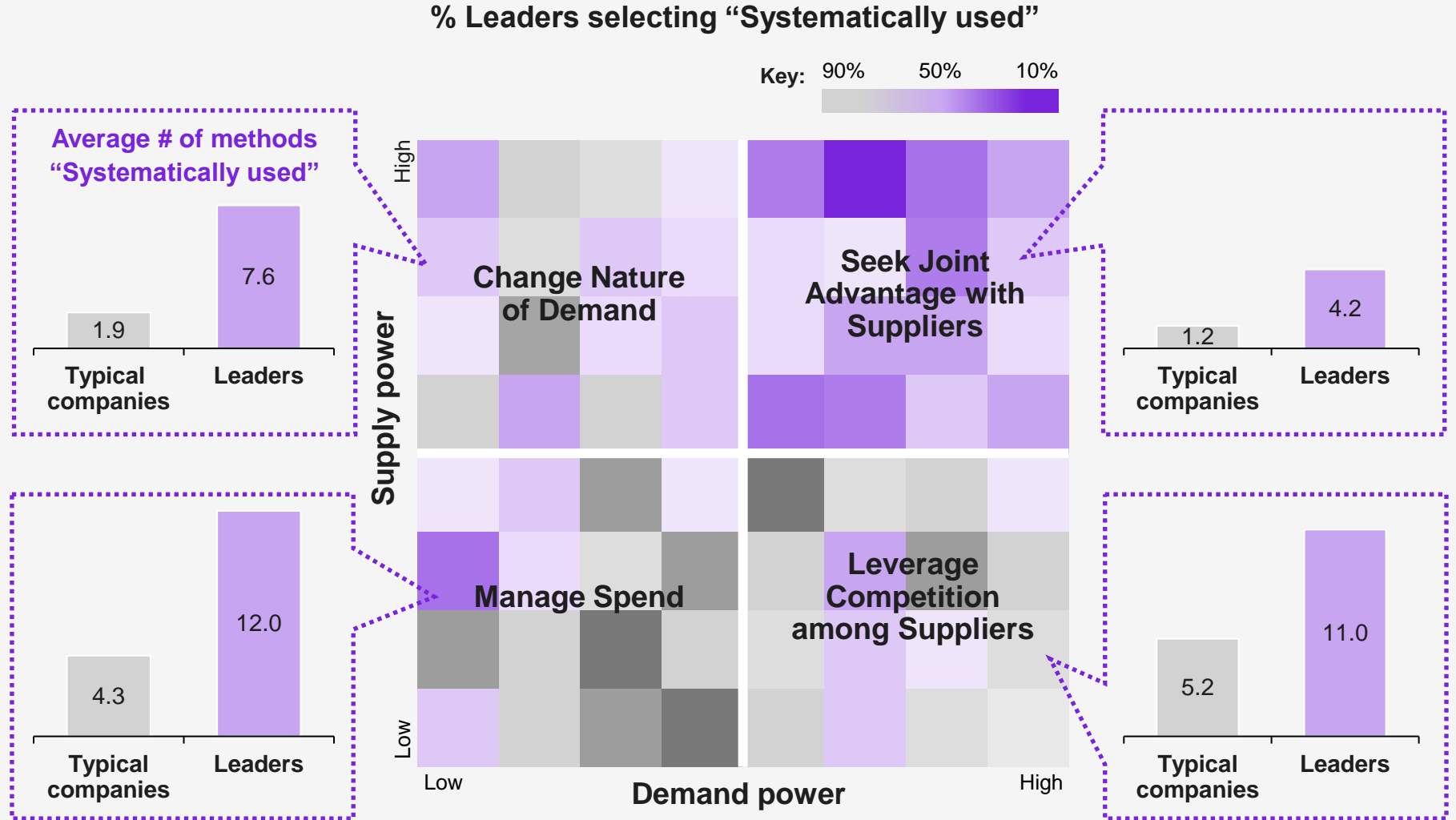
4 basic strategies



The Purchasing Chessboard®
concept

Although leaders use more methods, there is still significant untapped potential in the use of collaborative methods.

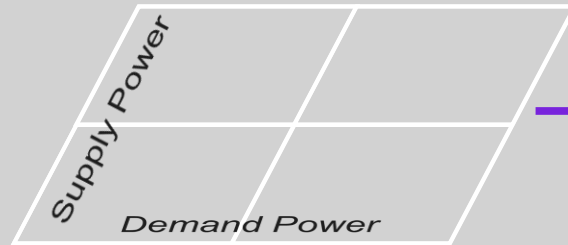
Usage of Purchasing Chessboard® levers



The Purchasing Chessboard® concept

To achieve substantial savings from complex categories we use a diversified portfolio of sourcing approaches.

Supply and demand power



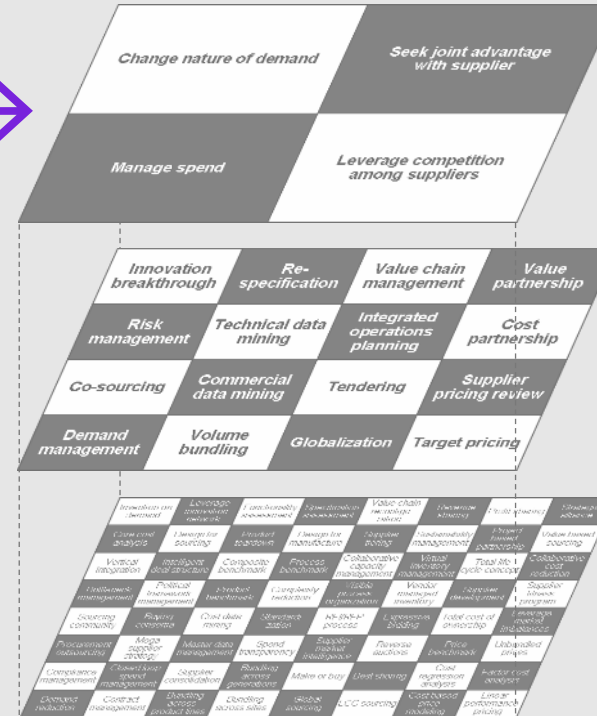
Supply power:

- Number of credible suppliers
- Supplier's market share
- M&A dynamics
- Entry barriers
- Ease of substituting supplier
- Availability of products

Demand power:

- Your share of demand
- Growth offered to suppliers
- Opportunities for suppliers to develop competencies and/or brand and image

Kearney proprietary The Purchasing Chessboard®



Internal communication

Board level stage setting:

- Breaking new ground by using differentiated strategies

Functional leaders role setting:

- Defining a common language to set the business case and mobilize the organization

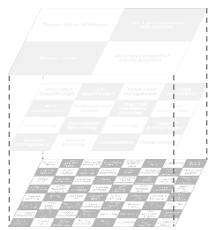
Supply management direction setting:

- Mastering 64 deep-dive approaches to carry through the implementation

The Purchasing Chessboard® concept

1. See Appendix for more details
Source: Kearney

64 levers on the Purchasing Chessboard® can be used for building a category strategy.

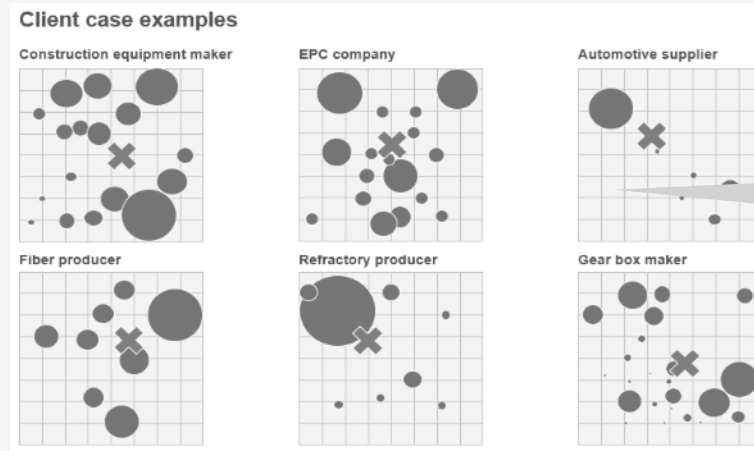


The Purchasing Chessboard® concept

Supply power	High	8	Invention on demand	Leverage innovation network	Functionality assessment	Specification assessment	Value chain reconfiguration	Revenue sharing	Profit sharing	Strategic alliance
	7	Core cost analysis	Design for sourcing	Product teardown	Design for manufacture	Supplier tiering	Sustain-ability management	Project based partnership	Value based sourcing	
	6	Vertical integration	Intelligent deal structure	Composite benchmark	Process benchmark	Collaborative capacity management	Virtual inventory management	Total life cycle concept	Collaborative cost reduction	
	5	Bottle-neck management	Political framework management	Product benchmark	Complexity reduction	Visible process organization	Vendor managed inventory	Supplier development	Supplier fitness program	
	4	Sourcing community	Buying consortia	Cost data mining	Standardization	RFI/RFP process	Expressive bidding	Total cost of ownership	Leverage market imbalances	
	3	Procurement outsourcing	Mega supplier strategy	Master data management	Spend transparency	Supplier market intelligence	Reverse auctions	Price benchmark	Unbundled prices	
	2	Compliance management	Closed loop spend management	Supplier consolidation	Bundling across generations	Make or buy	Best shoring	Cost regression analysis	Factor cost analysis	
	Low	1	Demand reduction	Contract management	Bundling across product lines	Bundling across sites	Global sourcing	LCC sourcing	Cost based price modeling	Linear performance pricing
			A	B	C	D	E	F	G	H
			Low				Demand power			High

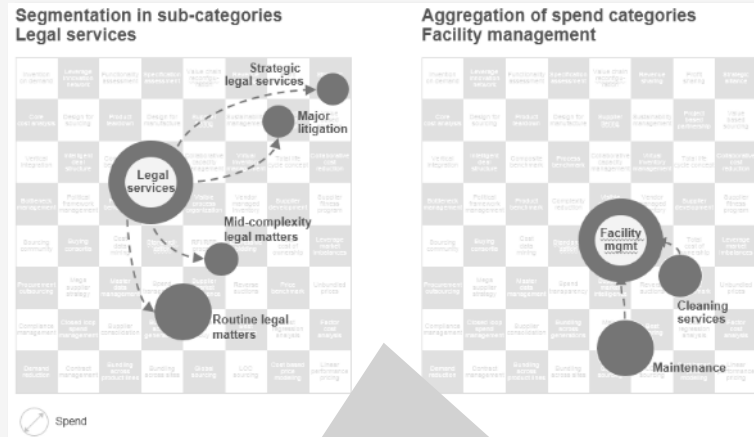
The Purchasing Chessboard® has multiple possible applications like...

The Purchasing Chessboard® use cases

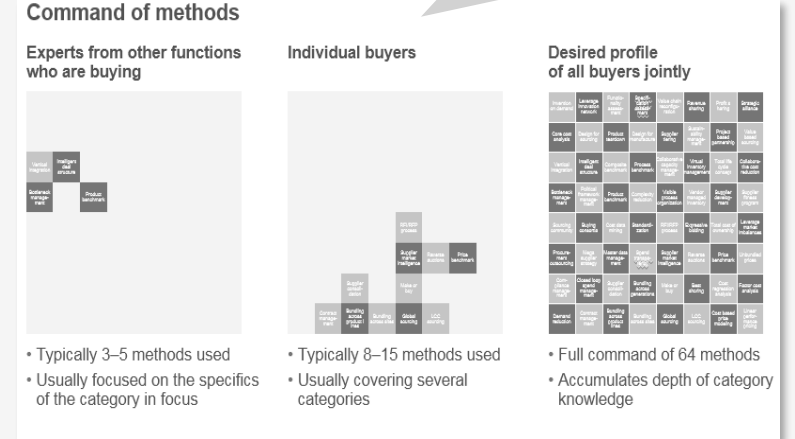


... creating highly specific category profiles...

... managing the skill mix of varying procurement stakeholders



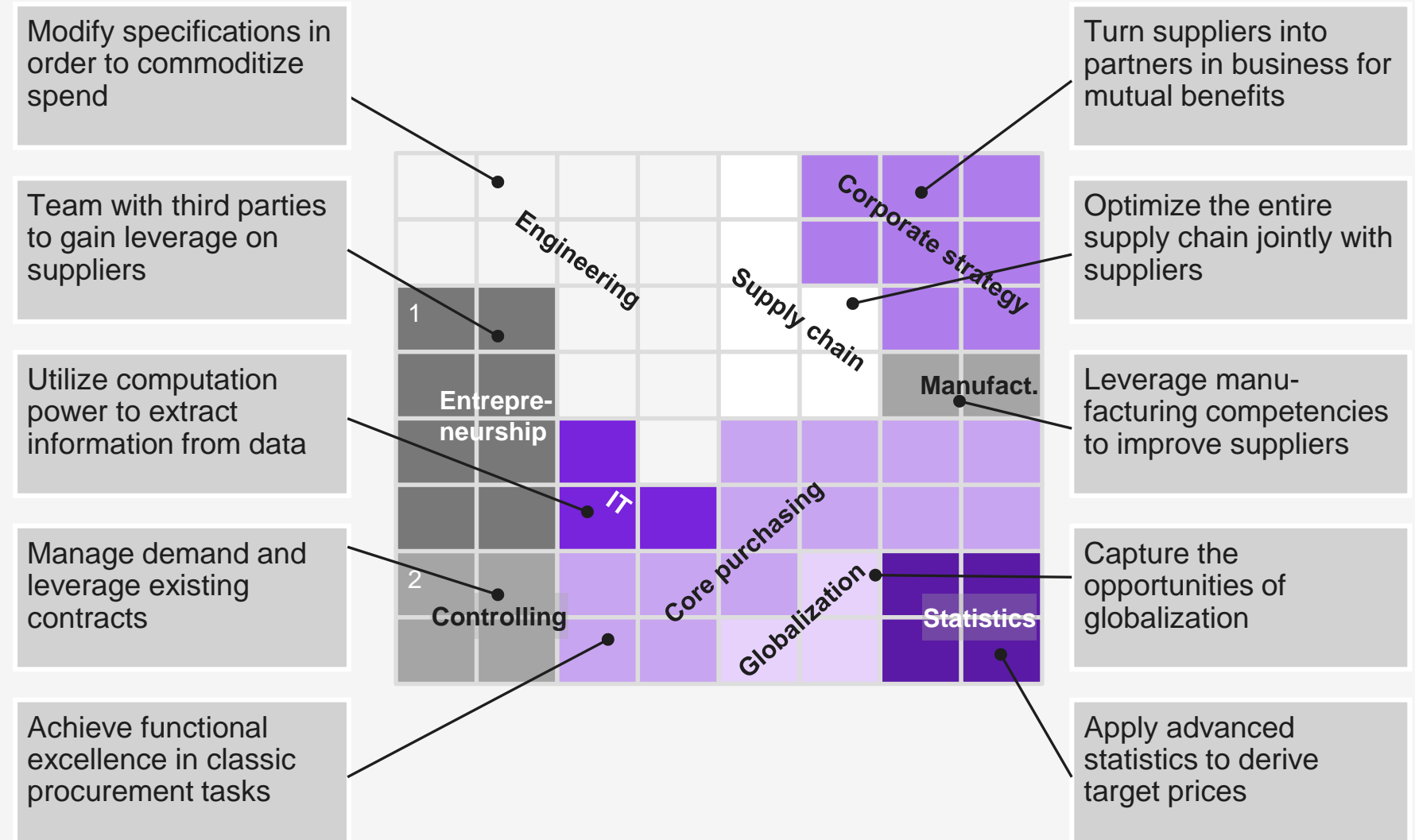
... selecting dedicated approaches within a category



The Purchasing Chessboard® concept

Teams that master The Purchasing Chessboard® even cross the traditional boundaries of their respective functions.

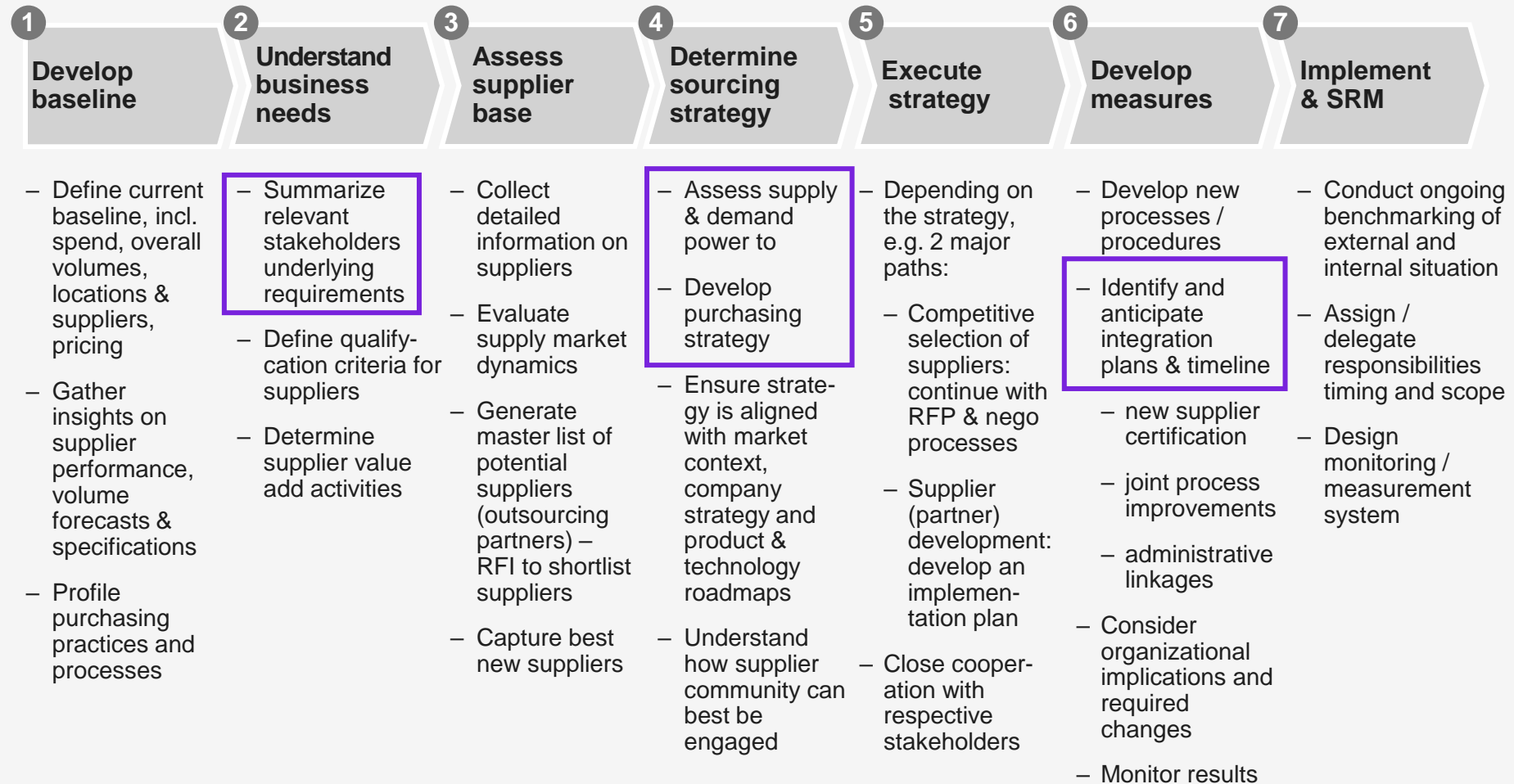
Cross-functional competencies needed




The Purchasing Chessboard® concept

The Purchasing Chessboard® is typically used in strategic sourcing projects.

7-step Strategic Sourcing Process (1/3)

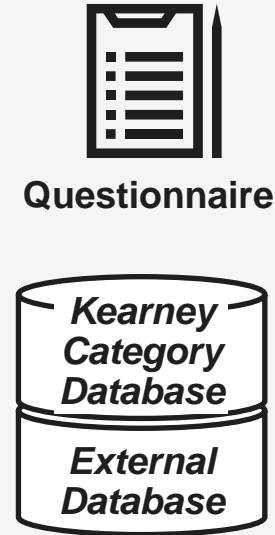


Using the Purchasing Chessboard®

 Use of Purchasing Chessboard to define strategy
Source: Kearney

The Digitized Purchasing Chessboard codifies Kearney knowledge and market knowledge in a visual, digital manner

Category selection and data input



Input is drawn from databases and gathered via a **standardized questionnaire** from the user:

- Category
- Spend information
- Region
- Typical methods
- Motivation of change

Automated Chessboard positioning based on category intelligence



The Digital Purchasing Chessboard evaluates the **strategic placement automatically** by leveraging intelligence build on **Kearney category expert knowledge and linked databases**

Recommendations of levers & implementation guidance



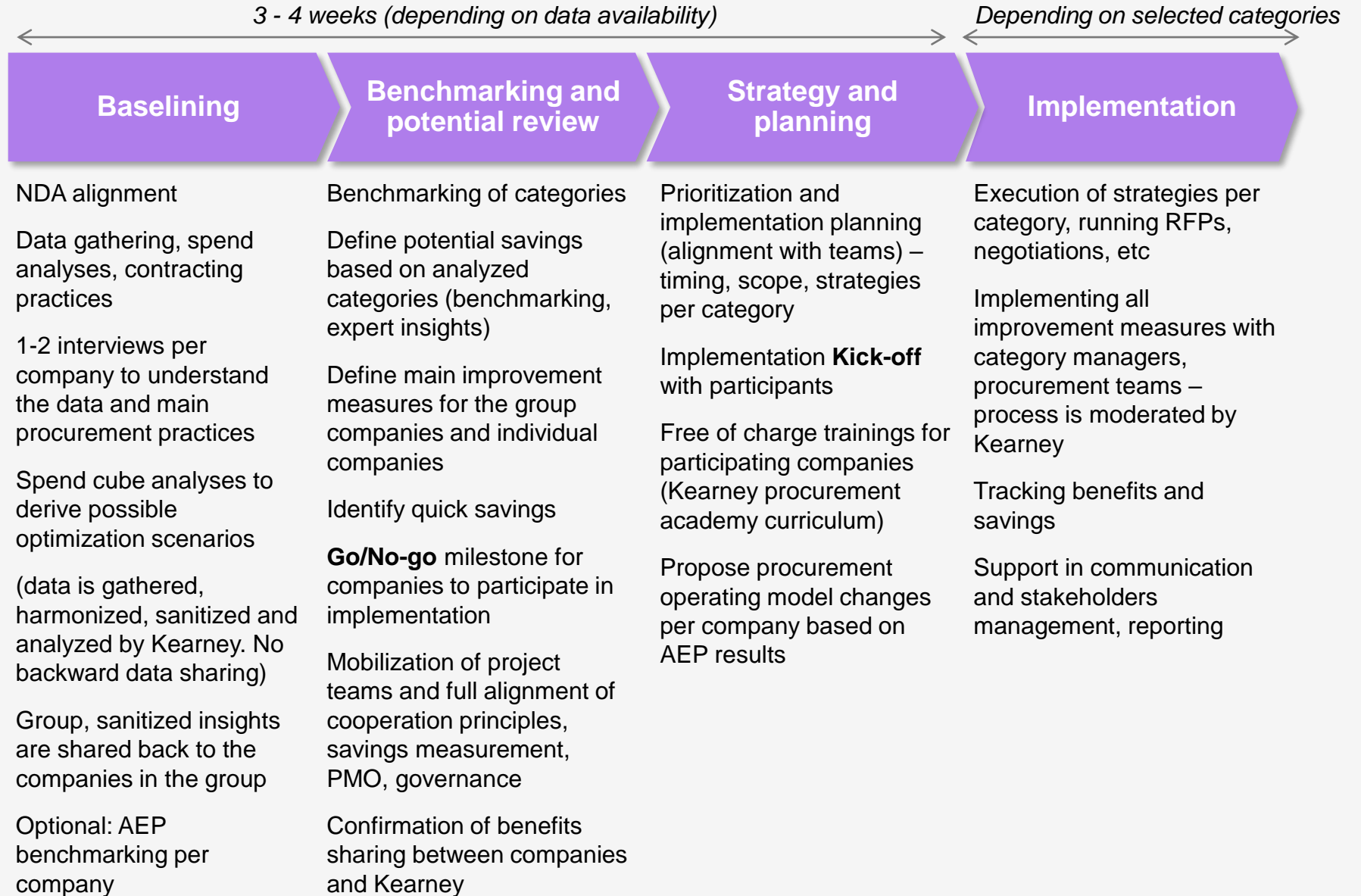
The user will receive an **overview of recommended methods** fitting the specific situation he is facing. **Implementation guidance** and real examples are provided and if needed a **contact to a Kearney category expert** is established

Possible next steps

Want to reduce third party spend by >10% in next 6 months and get 10x return on your investment?

Value proposition:
Grouping companies with similar spend profiles for a joint procurement transformation project, sharing benefits and best practices

High level approach



Thank you

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