

# Intelligent procurement... Assessment and category management

Industry Sector: Communications

Location: Canada

Client: **National Provider of Postal Services & Solutions**

## Challenge

- \$6.9bn business with 71,000 employees
- \$1.5bn of external expenditure.
- Little segmentation of expenditure into well defined categories
- Poor organizational alignment to categories
- Need to reduce cost base and improve management of complex commodity categories
- Need to improve procurement practices

## Approach

- PMMS undertook a structured assessment of the total expenditure using its spend analysis methodology
- PMMS supported the analysis with an identification and analysis of opportunities in key categories
- PMMS undertook a review of how key categories were managed and the approach to strategic procurement within the group

## Benefits

- Identified benefits of \$16-22m across 6 key commodities totalling \$400m
- Outlined recommendations and high level strategic plans for the key categories
- Defined a completely new category and sub-category structure to improve the overall management of expenditure
- Provided a complete segmentation of all spend by category and sub-category outlining key suppliers and possible areas for organizational realignment
- Made recommendations to implement consistent methodologies, tools and processes

# Intelligent procurement... Category Management (SASP) training & project support



Industry Sector: Heavy Machinery  
Location: Global (Europe, North America, Asia, Australasia)  
Client: **Global Mining & Equipment Manufacturing Company**

## Challenge

- Business marketplace becoming more competitive
- Profitability of the organisations was becoming more challenging to achieve
- Supply markets not perceived as offering best value to the manufacturer compared to competition
- Organisation recognised the need to ensure that a common procurement process needed to be developed and implemented across their global organisation to ensure supply markets were effectively challenged and motivated

## Approach

- PMMS appointed to provide category management (Structured Approach to Strategic Purchasing – SASP) and change management processes
- Training and development of the whole procurement team worldwide effected.
- Development followed up by every delegate working on a specific project with a PMMS coach / consultant in order to secure optimum payback the organisation
- PMMS developed on line suite of available documentation and process explanation to be used by all procurement teams world wide to support value delivery

## Benefits

- A significant payback over the investment in training and development has been achieved following the project delivery. Some projects have paid back in excess of 100:1, with the average pay back running at a level above 18:1
- Category management has now become a more clearly understood process both within and outside of procurement so that the stakeholder community usually always support the procurement team in this process
- The company has worked on improving the way that suppliers see it as a customer which has led to an improvement in service and innovation in a number of areas, significantly increasing operating effectiveness within manufacturing operations