

PROJECT OVERVIEW

CHALLENGES:

- Client's business encompassed various products including perfume, high couture and pret-a-porter fashions
- Highly decentralised/ entrepreneurial organization
- Placed in chapter 11 for 6 months
- Decentralized purchasing organization for direct material
- Poor quality and transparency of purchasing data
- Limited indirect purchasing capabilities
- Wasteful corporate culture with low cost consciousness

OBJECTIVES:

- Reduce purchasing costs by 10-15% immediately, and 3% p.a. thereafter
- Establish a long-term sustainable world-class purchasing organization
- Renew supplier base
- Introduce sourcing in low-cost countries

OUR SOLUTION

ASSIGNMENT STRUCTURE:

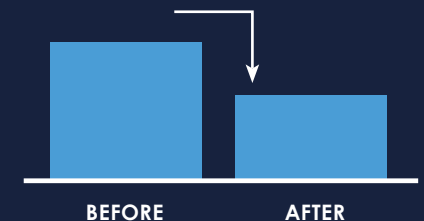
- Project lasted 12 months covering 26 category projects:
Perfumes, packaging, medias, shirts, pants, ties, bags, transport, IT & Telecoms, Temporary Staff, Stationery, Facilities Maintenance, Travel, real estate, and more

APPROACH / TOOLS:

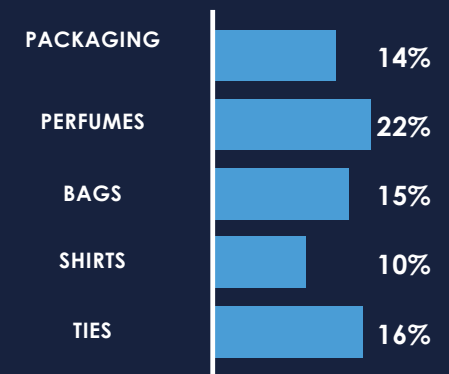
- Started by scoping the opportunity top-down, then facilitated an idea generation workshop with business unit representatives to identify/align improvement opportunities across the 'Wave 1' commodities
- Integration of key perfume vendors to modify content of main perfume and redesign packaging
- Built 'value teams' to identify and evaluate opportunities, and suggest new initiatives
- Developed a tracking system to enable tracking of the savings initiatives against the budget
- 70% of the opportunities came from 'technical levers' - e.g. demand management, value engineering
- 30% of the opportunities came from improved vendor management, where Regenius supported client to develop a robust and comprehensive RFP process

RESULTS

15% OVERALL SAVINGS



% SAVINGS ON TARGETED COMMODITIES



ADDITIONAL BENEFITS:

- Empowered new centralized purchasing function
- Deeper integration with users and suppliers