Indirect Spend: Excellence in Category Management

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## Agenda

1. Introduction
2. Indirect calling card
3. Cost reduction levers
4. Case Study: Travel
5. Closing remarks
6. Questions
Rajat Mitra - introduction

300 SOURCING EVENTS

<3.0B SPEND

>300m SAVINGS (over career)

6 INDUSTRIES

3 ENGINEERING/ MANAGEMENT/ FINANCE

6 COUNTRIES
Indirects calling card

100%

Spend
Budget Savings

Cat 1
Cat 2
Cat 3
Indirects
Cost reduction levers

- Commercial Management
- Specification Management
- Demand Management
- Process Management
## Case Study - Travel

<table>
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<tr>
<th><strong>Background</strong></th>
<th><strong>What we did</strong></th>
<th><strong>Result</strong></th>
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<tbody>
<tr>
<td>• Limited travel policy</td>
<td>• X-functional team</td>
<td>• More awareness</td>
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<tr>
<td>• Maverick behaviour</td>
<td>• Benchmark industry</td>
<td>• Average 25% savings</td>
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<tr>
<td>• PAs look after the managers</td>
<td>• Implement new travel policy</td>
<td>• New way of working</td>
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<tr>
<td>• ..and everyone else</td>
<td>• Executive support</td>
<td>• Free up PA time</td>
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<tr>
<td>• Limited oversight</td>
<td>• New provider/ model</td>
<td>• Employee accountable</td>
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- Off site model
- Lower transaction costs
- Inc hotels
- Account management

- Travel ban
- Indirect flights
- On line booking
- Built in approvals

- Restricted fares
- Executive reporting
Non commercial levers - Indirect areas

- Fleet
  - Use of neutral intermediary

- Couriers
  - Restrict before 8am
  - Consolidate pickups

- Cleaning services
  - Frequency
  - Time
  - Shared bins

- IT consumables
  - Non OEM spares
  - Default double side
  - Default greyscale

- Process
  - Increase use of e-auctions

- Consolidated invoicing
  - Mobiles
  - Fleet
  - Office supplies
Be a Service Provider - Customer focus

- Understand their needs/agenda
- Establish credibility
- Be there for stakeholders (this is new to them!)
- Be responsive
- Step into the breach
- Promote the stakeholders
  - Share / divert spotlight
### Indirect Category Excellence in every step

<table>
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<tr>
<th>STEP 0</th>
<th>STEP 1</th>
<th>STEP 2</th>
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<td>Mobilize</td>
<td>Fact base development</td>
<td>Industry analysis</td>
<td>Strategy development</td>
<td>Strategy implementation</td>
<td>Ongoing management</td>
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<tr>
<td>Reset</td>
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#### Steps:

1. **Fact base development**
   - Analyze category spend
   - Analyze global supply base & assess supplier relationship
   - Generate strategic options

2. **Industry analysis**
   - Analyze market dynamics
   - Make recommendations

3. **Strategy development**
   - Define desired supplier relationship & stakeholder plan
   - Supplier relationship management & CI plan

4. **Strategy implementation**
   - Define detailed Tactics & Action Plan
   - Plan transition to new contract

5. **Ongoing management**
   - Implement & record savings

**Project Management approach & tools**

- Identify team and stakeholders
- Determine business needs
- Analyze cost drivers
- Assess all options
- Select vendors & negotiate agreements
- Implement & record savings

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**Reset**

- Develop project charter and document scope
- Analyze category spend
- Assess supplier relationship
Buying Services: A myth?

We offer three kinds of service: GOOD - CHEAP - FAST
You can pick any two
GOOD service CHEAP won’t be FAST
GOOD service FAST won’t be CHEAP
FAST service CHEAP won’t be GOOD
Thank you