

## Creating competitive advantage

Vestel Electronics's procurement function aims to create a competitive advantage in a saturated market with very low margins, by reducing total supply chain costs, introducing the latest technology and achieving excellence in supply chain operations.



### About CIPS

CIPS, the Chartered Institute of Procurement & Supply, is the world's largest organisation dedicated to the profession of procurement and supply, with a voice that is recognised across the globe. CIPS works in partnership with governments, businesses, public sector entities and international development agencies to support organisations to achieve sustainable value.

“ We have been awarded CIPS Corporate Certification Standard after a detailed and careful investigation process. With this certificate, Vestel Electronics once again proved that robust procurement standards have been established inside our organisation. I am proud that we have completed the assessment process in such a short period of time, mainly because of the strength of the practices which were already in place. ”

MR. TURAN ERDOGAN, CHIEF EXECUTIVE OFFICER  
VESTEL GROUP

# Why CIPS Corporate Certification?

Globally recognised, CIPS Corporate Certification is the only independent, comprehensive procurement-specific assessment of its kind. Examining an organisation's procurement and supplier management procedures in targeted detail, it highlights where improvements and efficiencies can be made, ensuring that procurement becomes an essential value driver and organisational influencer.

Continuous price erosion of consumer electronics, combined with increasing raw material prices, are driving Vestel Electronics to run on lower margins every year. At the same time the overall market is consolidating so finding alternative suppliers is becoming more and more difficult. The company also has to manage spending in a large organisation with a complex supply chain. Remaining competitive in this increasingly challenging environment relies on effective procurement strategies.

Recognising that CIPS Corporate Certification drives leading-edge thinking and professionalism in procurement, the company has now embarked on the process to CIPS Corporate Certification Advanced to demonstrate world-class standards.

## The results

Having achieved CIPS Corporate Certification Standard, the organization was praised by the independent verifier who stated: "I would expect Vestel Electronics to be good candidates for the Advanced level."

The process of completing CIPS Corporate Certification Standard has seen value added to the business by the procurement function and an improved profile as a result. For example, by encouraging senior management to create a system development and audit team to improve efficiency and KPI reporting, there is now a strong commitment to continuous improvement.

## About Vestel Electronics

Vestel Electronics is a consumer electronics manufacturer with nearly 7,000 employees, based at Vestel City in Turkey, the largest single industrial complex in Europe.

The companies' core activity is the production of televisions, and it has grown to be the largest producer of televisions in Europe, with 9.5 million sets produced every year.

Vestel Electronics produce goods for over 500 different brands, exporting to over 150 countries. With more than 1500 suppliers from over 30 countries there is a high risk of supply disruptions.

The company's annual spend of \$1.8 billion is managed by 43 procurement team members based at its factory in Turkey and 6 more in China. 98% of this spend is for direct materials and just 2% for indirect.

## The benefits for Vestel Electronics

- Increased spend influenced by procurement team – over 500 new contracts have been negotiated and awarded to manage supplies that were previously not under contract
- Process efficiencies, such as reduction in transactions, and a dashboard to monitor progress towards objectives in real time
- By applying a whole life costing approach, the company has seen environmental benefits as well as cost reductions on materials and waste disposal
- Cost savings have been passed on to the consumer helping the business to stay competitive
- Training opportunities and better working methods have helped to improved staff morale and retention
- A reduction in non-compliances through better stakeholder management has improved the reliability of the end products
- Business continuity and the resilience of the supply chain have improved by developing a formal risk management strategy and action plans
- Improved profile of procurement at senior management level and with external stakeholders



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