

"Our challenge: transform and implement changes while securing the transition!"



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KLB group recently accompanied the carve-out of a large group's subsidiary. This project involved several challenges: the review of all procurement processes and functions, and the transfer of more than 600 supplier contracts within a context of volume reduction. Feedback.

Leaders League. You supported the carve-out of a large group's subsidiary in the communications technology sector. Can you tell us something about the challenges of your assignment?

Mathieu Dominguez. A specialist branch of an international French group had been acquired by a Chinese investment fund. The vast majority of supplier contracts were drawn up on behalf of the group. Therefore, there was a dual challenge: a legal one, but also one linked to procurement. We had eight to nine months to disengage the group and redefine the procurement policy for the target company, whilst also limiting the rise in costs.

Laure Toury-Percheron. It was a real fight for a workforce of nearly 3,000 people. The procurement agreement provided for a period of three months after which the company's positions affected by the sale (procurement, finance, human resources, IT) had to define their target model for operating independently. Our assignment involved supporting the procurement department in reviewing all its operations: processes, task allocation, organisation, management rules, functional needs of the Information System (IS), etc. We had to assess the level of dependence with regard to the current group, especially on the subject of IS. We drew up a set of documents defining delegation rules for the attention of foreign subsidiaries. In order to meet the constraint of operability at the end of the three-month period, we worked on five major operational processes involving the procurement function (sourcing, supplier management, purchase requests and orders, coordination of new developments and

managements of purchases) as well as for the associated target organisation. All this while respecting a logic of simplification and standardisation between geographical areas. The third aspect of our assignment allowed us, on the basis of the target processes, the purchasing tools in place and their dependence on the group, to draw up a list of target functional "business requirements" in order to help design the future procurement information system.

M.D. Our scope of work included the management of supplier contracts and the definition of a procurement strategy by category of expenditure. Six experts were mobilised, with an organisation divided up by category. The goal was to migrate 600 supplier contractors within six to seven months, with the different legal risks involved according to procurement typology. The challenge proved to be considerable: a reduction in volume equivalent to five to eight times that of the group was expected. Therefore, the danger was that there would be a sharp increase in prices. The balance of power was quite different because the aim was to negotiate a limit to the rise in costs. In parallel, we redefined the strategy by product family: it provided the opportunity to redefine procurement practices. After six months, 80% of the contracts were transferred. This figure rose to 90% three months later. The aim was to deal with complex families: R&D (Research & Development) intellectual services, Information technology, telecommunications, travel. Everything was subcontracted. Steering committees ensured the management of new contracts, all in a completely transparent framework.

Leaders League. How was your remuneration defined?

M.D. One part of our remuneration was based on customer satisfaction with specific criteria related to time, service level (suppliers, internal customers), support for change, respect for the original schedule, limits in price increases. We implemented 177 measures that helped to secure the contracts. For this type of project, the volume of purchases does not necessarily reflect the project's complexity.

L.T.-P. Our remuneration was a set fee. There were no incentives. About ten deliverables were provided for the customer during our assignment, in accordance with the accompanying proposal for our three-month assignment.

Leaders League. What were the key points of this assignment?

M.D. On the management aspect of contracts, it was necessary to quickly set up a team of experts who knew each product family. Communication played an important role throughout the project. We worked a great deal with lawyers and business opinion leaders. The creation and coordination of project teams allowed us to create a strong dynamic and achieve common goals.

L. T.-P. For this type of assignment, the important thing is definition. It is necessary to be very clear about the scope of intervention, resources, key processes and to focus on the main objectives. Even if the procurement processes are not the same in all the subsidiaries, it is important to define complete target processes. We chose to conduct this "end to end" procurement process analysis by including exchanges between procurement and operational departments. Since three months pass very quickly, we mobilised a senior team able to respond with pragmatism and meet deadlines. Another strong principle of our work concerns our method of working with our client. Collaborative work and combined working groups enabled us to collect data and analyse what already exists and validate the target methods.

Leaders League. To conclude, what are the secrets of your success? How do you organise your Operational Projects and Breakthrough Performance business units?

M.D. The Operational Projects Business Unit brings together about 200 employees worldwide, spread across about ten countries. It registers growth of about 30% a year. Our objective is to accompany our customers throughout their projects; we manage core business projects for engineering positions, production and product lifecycle as well as projects requiring the accompaniment of support functions such as procurement, finance, the supply chain, etc. We are multisectoral and we work in all industrial sectors: oil and gas, infrastructure, services, banks, insurance, etc. The nature of our business involves strong multicultural issues in terms of the countries concerned. We have developed many sites abroad which allow us to adapt to the constraints of each country.

L.T.-P. The Breakthrough Performance Business Unit is committed to supporting companies that want to transform. Our transformation projects aim, for example, to improve competitiveness or operational and organisational efficiency. We support our customers in order to build the roadmap with them that is adapted to their issues and their ambitions. But we do not stop there and we provide them with support in order to succeed in their projects by providing, if necessary, the means

and resources they lack. We do not yet have a presence in France because our business unit is quite young. But we can rely on our colleagues in all the countries where we have offices.

M.D. One of the added values offered by the KLB Group lies in our understanding of our customers' challenges. We recruit the best experts in the market and create the right mix of expertise for each project. Pragmatism is one of team's key values; this allows us to quickly understand the potential risks and savings and implement the appropriate solutions.

L. T.-P We position ourselves both as consultants in management and implementation. The thing that differentiates us is probably our entrepreneurial spirit, the desire to constantly seek innovative solutions, while maintaining a consistent theme: pragmatism.

"WHAT IT IS IMPORTANT IS BEING PRECISE IN ORDER TO IDENTIFY THE CORRECT PLAN OF ACTION"

